



SUPREME CONSOLIDATED RESOURCES BHD

Registration No. 201601023207 (1194146-D)
(Incorporated in Malaysia under the Companies Act, 2016)

FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED 30 SEPTEMBER 2021

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)

Registration No. 201601023207 (1194146-D)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

	UNAUDITED	AUDITED
	30.09.2021	30.09.2020
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	26,981	24,142
Investment in properties	1,563	1,594
Right-of-use assets	7,788	7,989
Intangible assets	78	140
Goodwill	21,992	21,992
	<u>58,402</u>	<u>55,857</u>
CURRENT ASSETS		
Inventories	32,731	15,335
Trade receivables	24,464	22,417
Other receivables, deposits and prepayments	1,160	785
Cash and bank balances	11,416	15,896
Fixed deposits with licensed banks	1,573	4,050
Short-terms investment	2,562	-
Current tax assets	698	312
	<u>74,604</u>	<u>58,795</u>
TOTAL ASSETS	<u>133,006</u>	<u>114,652</u>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

	UNAUDITED 30.09.2021 RM'000	AUDITED 30.09.2020 RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	59,867	59,867
Retained profits	17,755	14,025
TOTAL EQUITY	<u>77,622</u>	<u>73,892</u>
NON-CURRENT LIABILITIES		
Bank borrowings	8,416	8,239
Lease liabilities	207	164
Deferred tax liabilities	447	445
	<u>9,070</u>	<u>8,848</u>
CURRENT LIABILITIES		
Bank borrowings	37,532	23,008
Lease liabilities	114	98
Trade payables	4,432	5,127
Other payables and accruals	3,980	3,471
Current tax liabilities	256	208
	<u>46,314</u>	<u>31,912</u>
TOTAL LIABILITIES	<u>55,384</u>	<u>40,760</u>
TOTAL EQUITY AND LIABILITIES	<u>133,006</u>	<u>114,652</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the financial statements for the financial year ended 30 September 2020 and the accompanying explanatory notes attached to this interim financial report.

SUPREME CONSOLIDATED RESOURCES BHD

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Registration No. 201601023207 (1194146-D)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD/YEAR ENDED 30 SEPTEMBER 2021**

	Individual 6 months ended		Cumulative 12 months ended	
	Unaudited 30.09.2021 RM'000	Unaudited 30.09.2020 RM'000	Unaudited 30.09.2021 RM'000	Audited 30.09.2020 RM'000
REVENUE	93,564	81,340	187,553	163,495
COST OF SALES	(85,197)	(75,080)	(165,832)	(145,496)
GROSS PROFIT	8,367	6,260	21,721	17,999
OTHER INCOME	308	1,227	691	1,509
	8,675	7,487	22,412	19,508
ADMINISTRATIVE EXPENSES	(2,072)	(1,782)	(9,548)	(8,482)
FINANCE COSTS	(685)	(595)	(1,341)	(1,332)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	(627)	(102)	(627)	(102)
PROFIT BEFORE TAXATION	5,291	5,008	10,896	9,592
INCOME TAX EXPENSES	(1,371)	(1,619)	(3,146)	(2,869)
PROFIT AFTER TAXATION REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR	3,920	3,389	7,750	6,723
EARNINGS PER SHARE (SEN)	3.3	2.8	6.5	5.6
NO OF SHARES ('000)	120,000	120,000	120,000	120,000
EBITDA	7,098	6,113	14,159	11,960
GROSS PROFIT MARGIN (%)	9%	8%	11.6%	11.0%
PROFIT BEFORE TAX MARGIN (%)	6%	6%	5.8%	5.9%
PROFIT TAX AFTER MARGIN (%)	4%	4%	4.1%	4.1%

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 2020 and the accompanying explanatory notes attached to this interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	Share Capital RM'000	Retained Profits RM'000	Total Equity RM'000
The Group			
Balance as at 01.10.2019	59,867	8,802	68,669
Profit after taxation, representing total comprehensive income for the financial year	-	6,723	6,723
Dividend	-	(1,500)	(1,500)
Balance as at 30.09.2020/1.10.2020	59,867	14,025	73,892
Dividend	-	(4,020)	(4,020)
Profit after taxation, representing total comprehensive income for the financial year	-	7,750	7,750
Balance as at 30.09.2021	59,867	17,755	77,622

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the financial statements for the financial year ended 30 September 2020 and the accompanying explanatory notes attached to this interim financial report.

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Registration No. 201601023207 (1194146-D)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	12 MONTHS ENDED	
	UNAUDITED 30.09.2021 RM'000	AUDITED 30.09.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,896	9,592
Adjustments for -		
Amortisation of intangible assets	56	56
Bad debts written off	13	19
Depreciation of investment properties	31	31
Depreciation of property, plant and equipment	1,051	706
Depreciation of rights-of-use assets	840	299
Impairment losses on asset held for sale	-	333
Impairment losses on trade receivables	733	236
Interest expense	1,341	1,332
Inventories written off	2,567	1,353
Intangible assets written off	6	-
Gain on disposal of property, plant and equipment	(135)	(66)
Gain on disposal of right-of-use assets	(16)	-
Property, plant and equipment written off	-	2
Dividend income from short-term investment	(62)	-
Interest income	(101)	(195)
Reversal of impairment losses on trade receivable	(106)	(135)
Operating profit before working capital changes	17,114	13,563
(Increase)/Decrease in inventories	(19,963)	4,247
Increase in trade and other receivables	(3,062)	(3,213)
(Decrease)/Increase in trade and other payables	(185)	2,689
CASH (FOR)/FROM OPERATIONS	(6,096)	17,286
Interest paid	(1,341)	(1,332)
Interest received	101	195
Income tax paid	(3,480)	(3,088)
Income tax refund	-	32
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(10,816)	13,093

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Registration No. 201601023207 (1194146-D)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	12 MONTHS ENDED	
	UNAUDITED	AUDITED
	30.09.2021	30.09.2020
	RM'000	RM'000
CASH FLOWS FOR INVESTING ACTIVITIES		
Addition to right-of-use assets	(40)	-
Purchase of property, plant and equipment	(4,447)	(12,289)
Decrease in fixed deposits pledged to a licensed bank	-	2,779
Purchase of short-term investment	(2,500)	-
Withdrawal/(Placement) of fixed deposits	2,508	(2,244)
Proceeds from disposal of property, plant and equipment	279	135
NET CASH FOR INVESTING ACTIVITIES	(4,200)	(11,619)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(4,020)	(1,500)
Increase in bankers' acceptances	13,806	5,707
Drawdown of term loan	2,066	4,024
Repayment of lease liabilities	(110)	(106)
Repayment of term loans	(2,133)	(2,113)
NET CASH FROM FINANCING ACTIVITIES	9,609	6,012
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,407)	7,486
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	15,787	8,301
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	10,380	15,787

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the financial statements for the financial year ended 30 September 2020 and the accompanying explanatory notes attached to this interim financial report.

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PART B: ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

1. BASIS OF PREPARATION

- 1.1 These condensed consolidated interim financial statements, for the year ended 30 September 2021 are unaudited and have been prepared in accordance with 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 interim financial statements should be read in conjunction with the combined financial statements for the financial year ended 30 September 2020 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 2020.
- 1.3 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

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

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendment to MFRS 16: Covid-19-Related Rent Concessions

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

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

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PART B: ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

1.0 BASIS OF PREPARATION (CONT'D)

1.4 The Group has 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 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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 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 year ended 30 September 2021.

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 2021.

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PART B: ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

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 2021

5 DIVIDEND PAYMENT

On 20 May 2021, the Board declared a first interim dividend of RM0.0085 per ordinary share on 120 million shares amounting to RM1,020,000 in respect of the financial year ended 30 September 2021. The dividend was paid on 15 June 2021.

6 SEGMENTAL INFORMATION

6.1 The Group's business operations comprise the distribution and warehousing of F&B products from third party brands, focusing on frozen food, chilled and dairy food and dry food as follows:

Food and beverages distributed:-	Individual 6 months ended				Cumulative 12 months ended			
	30.09.2021		30.09.2020		30.09.2021		30.09.2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Frozen food	62,891	67%	51,798	64%	126,797	68%	108,022	66%
Chilled food	20,471	22%	19,703	24%	39,931	21%	35,951	22%
Dairy products	6,722	7%	6,805	8%	13,624	7%	11,517	7%
Dry F&B	3,480	4%	3,034	4%	7,201	4%	8,005	5%
TOTAL GROUP	93,564	100%	81,340	100%	187,553	100%	163,495	100%

6.2 Geographical Information

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

7 VALUATION OF PROPERTY AND EQUIPMENT

There was no valuation on property and equipment during the financial period/year ended 30 September 2021.

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PART B: ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

8 CAPITAL COMMITMENTS

	Unaudited 30.09.2021 RM'000	Audited 30.09.2020 RM'000
Contracted but not provided for:		
Purchase of property, plant and equipment	<u>229</u>	<u>3,325</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 2021.

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PART B: ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

	Individual 6 months ended		Cumulative 12 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	93,564	81,340	187,553	163,495
Group Profit ("GP")	8,367	6,260	21,721	17,999
Profit after Taxation ("PAT")	3,920	3,389	7,750	6,723

Review of 2nd Half year ended 30 September 2021 Vs 2nd half year ended 30 September 2020

The Group recorded revenue of RM93.5million for 2nd half year ended 30 September 2021 which represents an increase of RM12.2million or 15% compared to RM81.3million for 2nd half year ended 30 September 2020. The main contributor for the increase is from the sale of frozen food (i.e. frozen meat and further process food) which recorded an increase of RM11 million compared to 2nd half year ended 30 September 2020. The general slowdown of food service industry due to the surge of COVID 19 cases in 2nd half of year ended 30 September 2021 has affected our sales volume of Chilled and dry product.

GP increased by 33.6% from RM6.2 million to RM8.3million for the 2nd half year ended 30 September 2021 as compared to the preceding corresponding financial period mainly contributed by the higher sales volume from frozen food which contributed 68% of total sales.

The increase in GP has resulted in the increase of PAT by 15.6% from RM3.3 million to RM3.9 million in 2nd half year ended 30 September 2021 as compared to the preceding corresponding financial period.

Review of results for the financial year ended 30 September 2021 ("FYE 2021") Vs the financial year ended 30 September 2020 ("FYE 2020")

The Group recorded revenue of RM187.5 million for the FYE 2021 which represents an increase of RM24million or 14.7% compared to RM163.4 million for the FYE 2020. The increase is mainly due to additional revenue of RM18.7million generated from frozen product from our wholesales business. Chilled food sales increased by RM3.9million mainly from the sales of butter and cheese product to bakery ingredient shop and supermarket. Dairy products increased by RM2.1 million from RM11.5 to RM13.6 million contributed mainly from milk product and dairy cream. The drop in dry F&B of RM0.8 million mainly resulted from the slowdown of food service industries due to the surge in COVID-19 cases.

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PART B: ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

GP and GP Margin

Our Group recorded a GP of RM21.7 million (GP margin of 11.6%) for FYE 2021 as compared to RM17.9million (GP margin of 11%) for the FYE 2020. The increase of RM3.7million was mainly contributed by the increase in the sale volume from frozen food and chilled food.

PAT and PAT Margin

The Group recorded a slightly higher PAT of RM7.7million (PAT margin of 4%) for the FYE 2021 as compared to RM6.7million (PAT margin of 4%) for the FYE 2020. The increase in PAT of RM1million are contributed by the increase in revenue. PAT margin for the FYE 2021 remained the same as FYE2020's PAT margin.

Additional impairment of RM0.6 on trade receivable was provided for the FYE 2021 based on MFRS 9 assessment, however the Board are confident on the recovery.

Effective tax rate for FYE 2021 was at 29% compared to FYE 2020 of 30% mainly due to certain expenses disallowed for tax purpose.

B2. COMMENTARY ON PROSPECTS

The business environment continues to be challenging with the rising expenses and disruption in supply chain from COVID-19 pandemic. The Board and Management teams are constantly taking appropriate actions and reviews to ensure risks arises from COVID-19 pandemic are mitigated and minimum disruption to business activities.

We will continue to expand our product and service line including attracting new agencies to complement our products portfolio and broaden our base.

The completion of our new warehouse has increased our storage capacity and the implementation of our new Warehouse Management System has increased the operation efficiency and improved stock management control.

With the high vaccination rate and booster shot achieved in Sarawak, the Group are cautiously positive on the business prospects of the Group's financial performance for financial year 30 September 2022.

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

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PART C: OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

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

C2. MATERIAL LITIGATION

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

C3. DIVIDEND

The Directors approved second interim single tier dividend of RM0.0208 per ordinary share, amounting to RM2,496,000 for the FYE 2021 on 29 November 2021. The entitlement date for the interim single tier dividend is 31 December 2021 and will be paid on 26 January 2022.

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