



SAUDEE

Group Berhad

(Company No.: 838172-P)

(Formerly known as Sinaria Corporation Berhad)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2014

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	28.02.2014	28.02.2013	28.02.2014	28.02.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	33,651	35,851	112,474	106,802
Cost of sales	(28,830)	(30,047)	(97,625)	(90,518)
Gross profit	4,821	5,804	14,849	16,284
Other operating income/(expenses)	(18)	14	113	305
Operating expenses	(3,928)	(4,871)	(11,883)	(13,790)
Finance costs	(669)	(649)	(1,953)	(1,980)
Profit before tax	206	298	1,126	819
Tax expense	(175)	(189)	(558)	(272)
Net profit for the period	31	109	568	547
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	31	109	568	547
Total comprehensive income attributable to:				
Equity holders of the Company	31	109	568	547
Non-controlling interests	-	-	-	-
	31	109	568	547
Earnings per share (Note B11)				
Basic (Sen)	0.03	0.12	0.63	0.61
Diluted (Sen)	-	-	-	-



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Notes to Statement of Profit and Loss and Other Comprehensive Income

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28.02.2014 RM'000	Preceding Year Corresponding Quarter 28.02.2013 RM'000	Current Year-To-Date 28.02.2014 RM'000	Preceding Year Corresponding Period 28.02.2013 RM'000
Interest income	63	24	208	160
Other Income	35	14	119	305
Forex gain/(loss) - realised	14	(26)	(84)	32
Depreciation and amortisation	(1,069)	(987)	(3,115)	(2,900)
Impairment on loans and receivables	-	(233)	(27)	(860)
Interest expense	(669)	(649)	(1,953)	(1,980)
Bad debts written off	(5)	-	(533)	-
Gain/(loss) on disposal of property, plant and equipment	(143)	-	(102)	5

Notes:

The Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 2013 and the accompanying explanatory notes attached to the interim financial statements.

Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Bursa Securities Main Market Listing Requirements are not applicable.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
28 FEBRUARY 2014**

	Note	UNAUDITED As at 28.02.2014 RM'000	AUDITED As at 31.05.2013 RM'000
Non-Current Assets			
Property, plant and equipment		34,471	34,694
Investment property		2,800	2,800
		37,271	37,494
Current Assets			
Property development costs		11,828	11,354
Inventories		22,631	23,224
Receivables, deposits and prepayments		28,060	25,413
Current tax assets		515	717
Cash and cash equivalents		10,517	11,665
		73,551	72,373
TOTAL ASSETS		110,822	109,867
EQUITY AND LIABILITIES			
Equity			
Share capital		45,000	45,000
Reserves		4,386	3,818
TOTAL EQUITY		49,386	48,818
Non-Current Liabilities			
Long-term bank borrowings	B7	13,673	14,077
Deferred taxation		2,807	2,307
		16,480	16,384
Current Liabilities			
Trade and other payables and accruals		8,329	8,757
Short-term bank borrowings	B7	36,627	35,908
		44,956	44,665
TOTAL LIABILITIES		61,436	61,049
TOTAL EQUITY AND LIABILITIES		110,822	109,867
Net assets per ordinary share attributable to ordinary equity holder of the Company (RM)		0.55	0.54

Notes:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 2013 and the accompanying explanatory notes attached to the interim financial statements.



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2014
(UNAUDITED)**

	<-----Attributable to equity holders of the Company ----->					Total RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Distributable Retained Profits RM'000	
Balance as at 01.06.2013	45,000	-	1,818	(29,296)	31,296	48,818
Profit for the period represents total comprehensive income for the period	-	-	-	-	568	568
Dividend paid	-	-	-	-	-	-
Balance as at 28.02.2014	45,000	-	1,818	(29,296)	31,864	49,386
Balance as at 01.06.2012	45,000	-	1,818	(29,296)	30,974	48,496
Profit for the period represents total comprehensive income for the period	-	-	-	-	547	547
Dividend paid	-	-	-	-	-	-
Balance as at 28.02.2013	45,000	-	1,818	(29,296)	31,521	49,043

Notes:

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 2013 and the accompanying explanatory notes attached to the interim financial statements.



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED
28 FEBRUARY 2014 (UNAUDITED)**

	Current Period	Preceding Year
	Ended	Corresponding
	28.02.2014	Period Ended
	RM'000	28.02.2013
		RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,126	819
Adjustments:		
Amortisation and depreciation	3,115	2,900
Bad debts written-off	533	-
Impairment loss on loans and receivables	27	860
Loss on disposal of property, plant and equipment	102	-
Interest income	(208)	(160)
Interest expense	1,953	1,980
Operating profit before working capital changes	6,648	6,399
Property development costs	(474)	-
(Increase) / Decrease in inventories	592	3,947
(Increase) / Decrease in receivables	(3,235)	4,061
Increase / (Decrease) in payables	(419)	(4,640)
Financial instruments at fair value through profit or loss	27	-
Cash generate from operations	3,139	9,767
Tax paid	(285)	(395)
Tax refunded	420	8
Net cash generate from operating activities	3,274	9,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant, property and equipment	(3,347)	(11,053)
Down payment for purchase of PPE	-	(2,815)
Proceeds from disposal of plant, property and equipment	353	105
Interest received	209	160
Net cash used in investing activities	(2,785)	(13,603)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in short-term borrowings	1,392	2,961
Repayment of hire purchase obligations	(482)	(383)
Creation of hire purchase obligations	1,482	1,257
Repayment of term loan	(1,363)	(875)
Drawdown of term loan	-	5,200
Interest paid	(1,953)	(1,980)
Net cash (used in)/from financing activities	(924)	6,180
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(435)	1,957
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	7,714	4,715
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	7,279	6,672



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED
28 FEBRUARY 2014 (UNAUDITED)**

	Current Period	Preceding Year
	Ended	Corresponding
	28.02.2014	Period Ended
	RM'000	28.02.2013
		RM'000
Fixed and short-term deposits with licensed banks *	4,187	8,024
Cash and bank balances	6,330	3,028
Bank overdrafts	(3,238)	(4,380)
	7,279	6,672

* The time deposits of the group have been pledged as security for credit facilities granted to the Group.

Notes:

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 2013 and the accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED
28 FEBRUARY 2014**

**PART A – SELECTED EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING
STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING**

1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (“FRS”) 134 - Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standard Board (IASB).

The condensed consolidated interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 May 2013 and the accompanying explanatory notes attached. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

2. Changes in accounting policies

The quarterly consolidated interim financial statements have been prepared by applying accounting policies consistent with that used in the most recent audited financial statements for the year ended 31 May 2013 except for the adoption of the following new/ revised/ amendments to FRS which are applicable to the Group with effect from 1 June 2013:-

FRS 10 Consolidated financial statements

FRS 11 Joint Arrangements

FRS 12 Disclosure of Interests in Other Entities

FRS 13 Fair Value Measurement

FRS 119 Employee Benefits

FRS 127 Separate Financial Statements

FRS 128 Investment in Associate and Joint Ventures

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 10, FRS 11 and FRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosures in Other Entities – Transition Guidance

The adoption of the above pronouncements does not have significant impact to the Group.

Malaysian Financial Reporting Standards (“MFRS”) Framework

In November 2011, the Malaysian accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the MFRS framework. The issuance was made in conjunction with the MASB’s plan to converge with International Financial Reporting Standards (“IFRS”) in 2012. The MFRS framework is fully IFRS-compliant framework and equivalent to IFRSs.

The MFRS framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate, including their parents, significant investors and venturers (“Transitioning Entities”). Transitioning Entities are allowed to defer the adoption of the MFRS framework to annual periods beginning on or after 1 January 2015.

Being a Transitioning Entity as defined above, the Group has elected to defer the adoption of the MFRS framework to the financial year ending 31 May 2016. Management is currently examining the financial impacts of transition to the MFRS framework.



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3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 31 May 2013 were not subject to any qualification.

4. Seasonal or Cyclical Factors

The Group's performance is not significantly affected by seasonal or cyclical factors.

5. Unusual Items

There was no item, which is unusual because of their nature, size or incidence that has affected the assets, liabilities, equity, net income or cash flows of the Group for the current quarter.

6. Material Changes in Estimates

There were no changes in estimates of amounts that have had a material effect in the current quarter.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

8. Dividend Paid

There was no dividend paid in the current quarter.

9. Segment Reporting

	Current Year-To-Date 28.02.2014 RM'000	Preceding Year Corresponding Period 28.02.2013 RM'000
Revenue		
<u>Manufacturing</u>		
Meat-based products	84,270	81,898
Vegetable-based products	31	1,150
Flour-based products	469	198
	84,770	83,246
<u>Trading</u>		
Meat-based products	76,807	57,838
Vegetable-based products	7,329	7,530
Others	506	1,786
	84,642	67,154
	169,412	150,400
Inter-segments elimination	(56,938)	(43,598)
Total Revenue	112,474	106,802
Profit Before Tax	1,126	819

Segmental reporting by geographical location is not applicable as the Group's operations are substantially carried out in Malaysia.



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10. Valuations of Property, Plant and Equipment

The valuations of land and building have been brought forward, without amendment from the audited financial statements for the year ended 31 May 2013.

11. Events subsequent to the Balance Sheet date

There were no events subsequent to the end of the financial period ended 28 February 2014 that have not been reflected in the interim financial statements as at the date of this report.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

13. Changes in contingent liabilities or contingent assets

The Group does not have any material contingent liabilities since the last audited financial statements for the financial year ended 31 May 2013.

14. Related Party Transactions

Related parties are those defined under FRS 124 - Related Party Disclosures. The significant related party transactions and balances described below were carried out in the ordinary course of business and on commercial terms that are no more favourable than that available to other third parties.

	Transactions for the year-to-date ended 28.02.2014 RM'000
Sale of frozen foods to AFSB by the Group	877
Commission paid by the Group to AFSB for sale of the Group's goods.	371

Note : AFSB is deemed a related party as the brother of Executive Chairman of the Group is the substantial shareholder of AFSB and is deemed a person connected.

15. Capital Commitments

	As at 28.02.2014 Approved and Contracted for RM'000	As at 28.02.2014 Approved and Not Contracted for RM'000
Property, plant & equipment	2,370	-



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2014

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance

The revenue for the Group of RM33.7 million recorded a reduction of 6% from the prior year corresponding period as a result of lower demand for meat based product. Despite the reduction, the Year-to-date (YTD) revenue of RM112.5 million is RM5.7 million higher than the YTD revenue in the last year same period. The profit for the current period ended 28 February 2014 is RM92,000 lower than profit recorded in the last year corresponding period. With a higher YTD revenue, the YTD profit was posted at RM1.1 million, a RM0.3 million increase as compared to prior year corresponding period. The main contributory factor for the improved performance was the higher in demand for trading range of meat products.

2. Variation of Results against Preceding Quarter

	Current Quarter ended 28.02.2014 RM'000	Preceding Quarter ended 30.11.2013 RM'000	Variance RM'000
Revenue	33,651	40,366	(6,715)
Profit Before Tax	206	438	(232)

The revenue for the current quarter ended 28 February 2014 has dropped by RM6.7 million from the preceding quarter was due to the higher demand during festival season in previous quarter. Another factor contributing to this is the rationalisation of government subsidy policy that reduces the consumers' purchasing power, affecting retail sales. The Company is in the process of reviewing the pricing, promotion strategy and product packaging to boost the sales for the coming period.

3. Current Year Prospects

Frozen processed products ("FPP") continued to expect growth due to hectic and stressful lifestyle of the Malaysia demographic, which in return, contributed towards the growing demand for convenient and easy to prepare meals. FPP are easier to prepare compare to that of fresh food and can be stored in the freezer for an extended period of time whilst still maintaining a very healthy image that appeals to health-conscious consumer of today.

The Group has in the past primarily concentrated in the lower income group, which resulted in gradual decline of profitability as increased costs are not passing on to the consumers. To overcome this scenario, the Group's management has earmarked a few transformation initiatives for future growth and sustainability.

- Brand building exercise to target middle income segment where the purchasing decision shift from price to brand name and quality. New innovative products tailored specifically to the needs of this identified segment will be launched. This will diversify the customer concentration of the Group and hence provide a sustainable profit for the Group to the future.
- Expansion into international business through export. The Group has made significant progress in the penetration of South East Asia and Middle East market and will continue to grow its international business.
- Expansion of its general trade market through aggressive deployment of freezer to counter the erosion of profit margins in the Modern Trade sales.



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Whilst the Group is working on the expansion of business, the management is vigilant about the need to tighten the credit control policy. The Group is improving the efficiency and effectiveness of the credit control through the use of standard and reputable ERP system.

4. Variance between Actual Profit and Forecast Profit

Not applicable.

5. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28.02.2014 RM'000	Preceding Year Corresponding Quarter 28.02.2013 RM'000	Current Year-To-Date 28.02.2014 RM'000	Preceding Year Corresponding Period 28.02.2013 RM'000
Current year				
Income tax	(25)	(14)	(49)	(122)
Deferred tax	(150)	(175)	(500)	(150)
	(175)	(189)	(549)	(272)
Prior year				
Income tax	-	-	(9)	-
Deferred tax	-	-	-	-
	-	-	(9)	-
	(175)	(189)	(558)	(272)

The tax expense is higher than the statutory tax rate of 25% mainly due to non-deductible expenses.

6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this interim financial report.

7. Group Borrowings and Debt Securities

The Group's borrowings as at 28 February 2014 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:-			
Bank overdrafts	3,238	-	3,238
Bankers' acceptances	31,496	-	31,496
Hire purchase payables	587	-	587
Term loan	1,306	-	1,306
	36,627	-	36,627
Long term borrowings:-			
Hire purchase payables	1,746	-	1,746
Term loan	11,927	-	11,927
	13,673	-	13,673
Total	50,300	-	50,300



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8. Gains and losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes in financial liabilities in the current quarter.

9. Material Litigation

There were no material litigations for the current financial period to date.

10. Proposed Dividend

There was no dividend proposed or declared for the current quarter under review.

11. Earnings Per Share

Basic

The basic earnings per share has been calculated by dividing the Company's profit for the current financial quarter and current financial year to-date by the number of ordinary shares in issue during the current financial quarter and current financial year under review.

	Individual Quarter		Cumulative Quarters	
	Current Quarter 28.02.2014	Preceding Year Corresponding Quarter 28.02.2013	Current Year 28.02.2014	Preceding Year Corresponding Period 28.02.2013
Profit attributable to ordinary Equity holders of the Company (RM'000)	31	109	568	547
Weighted average number of ordinary shares in issue ('000)	90,000	90,000	90,000	90,000
Basic Earnings per Share (sen)	0.03	0.12	0.63	0.61

Diluted

The Company does not have any convertible share or convertible financial instruments for the current financial quarter under review.

12. Disclosure of realised and unrealised profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	As at 28.02.2014 RM'000	As at 31.05.2013 RM'000
Total retained profits of the Company and its subsidiaries:-		
Realised	56,533	54,976
Unrealised	(2,807)	(1,818)
	<hr/> 53,726	<hr/> 53,158
Consolidation adjustments and eliminations	(21,862)	(21,862)
Total group retained profits as per consolidated financial statements	<hr/> <hr/> 31,864	<hr/> <hr/> 31,296



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The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010. The disclosure of realised and unrealised profits or losses is made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Bhd and is not made for any other purposes.

13. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Board.