



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 FIRST QUARTER ENDED 31 AUGUST 2014

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.08.2014 RM'000	Preceding Year Corresponding Quarter 31.08.2013 RM'000	Current Year-To-Date 31.08.2014 RM'000	Preceding Year Corresponding Period 31.08.2013 RM'000
Revenue	41,506	38,458	41,506	38,458
Cost of sales	(36,922)	(33,390)	(36,922)	(33,390)
Gross profit	4,584	5,068	4,584	5,068
Other operating income/(loss)	286	(37)	286	(37)
Operating expenses	(3,903)	(3,924)	(3,903)	(3,924)
Finance costs	(767)	(624)	(767)	(624)
Profit before tax	200	483	200	483
Tax income/(expense)	(74)	(170)	(74)	(170)
Net profit for the period	126	313	126	313
Other comprehensive income not reclassified to Profit and Loss Account:				
Deferred Tax relating to change of tax rate	-	-	-	-
Total comprehensive income for the period	126	313	126	313
Profit attributable to:				
Equity holders of the Company	126	313	126	313
	126	313	126	313
Earnings per share (Note B11)				
Basic (Sen)	0.14	0.35	0.14	0.35
Diluted (Sen)		-	-	-



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Notes to Statement of Profit and Loss and Other Comprehensive Income

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.2014 RM'000	Preceding Year Corresponding Quarter 31.08.2013 RM'000	Current Year-To-Date 31.08.2014 RM'000	Preceding Year Corresponding Period 31.08.2013 RM'000
Interest income	49	96	49	96
Other Income	237	31	237	31
Forex (gain)/loss - realised	-	(164)	-	(164)
Depreciation and amortisation	(1,065)	(1,018)	(1,065)	(1,018)
Impairment on loans and receivables	-	(27)	-	(27)
Interest expense	(757)	(624)	(757)	(624)

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 2014 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
31 AUGUST 2014**

	Note	UNAUDITED As at 31.08.2014 RM'000	AUDITED As at 31.05.2014 RM'000
Non-Current Assets			
Property, plant and equipment		33,727	34,219
Investment property		3,200	3,200
		36,927	37,419
Current Assets			
Property development costs		9,462	10,356
Inventories		25,285	27,884
Receivables, deposits and prepayments		30,946	27,675
Current tax assets		270	79
Cash and cash equivalents		9,575	10,957
		75,538	76,951
TOTAL ASSETS		112,465	114,370
EQUITY AND LIABILITIES			
Equity			
Share capital		45,000	45,000
Reserves		4,607	4,481
TOTAL EQUITY		49,607	49,481
Non-Current Liabilities			
Long-term bank borrowings	B7	13,895	14,262
Deferred taxation		2,394	2,394
		16,289	16,656
Current Liabilities			
Trade and other payables and accruals		7,288	10,258
Short-term bank borrowings	B7	39,232	37,926
Financial liabilities at FV through profit & loss		49	49
		46,569	48,233
TOTAL LIABILITIES		62,858	64,889
TOTAL EQUITY AND LIABILITIES		112,465	114,370
Net assets per ordinary share attributable to ordinary equity holder of the Company (RM)		0.55	0.55

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 2014 and the accompanying explanatory notes attached to the interim financial statements.



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 AUGUST 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 01.06.2014	45,000	-	1,731	(29,296)	32,172	49,681
Other Income not reclassified to P&L account			-			-
Profit for the period represents total comprehensive income for the period	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
Balance as at 31.08.2014	45,000	-	1,731	(29,296)	32,172	49,681
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	-	-	-	-	313	313
Dividend paid	-	-	-	-	-	-
Balance as at 31.08.2013	45,000	-	1,818	(29,296)	31,609	49,131

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 2014 and the accompanying explanatory notes attached to the interim financial statements.



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED
31 AUGUST 2014 (UNAUDITED)**

	Current Period Ended 31.08.2014 RM'000	Preceding Year Corresponding Period Ended 31.08.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	200	483
Adjustments:		
Amortisation and depreciation	1,065	1,018
Impairment loss on loans and receivables	-	93
Interest expense	757	624
Interest income	(49)	(96)
(Gain)/Loss on disposal of property, plant and equipment	-	(23)
Operating profit before working capital changes	1,973	2,099
Property development costs	893	(291)
(Increase) / Decrease in inventories	2,599	(505)
(Increase) / Decrease in receivables	(2,613)	(1,755)
Increase / (Decrease) in payables	(3,803)	(99)
Financial instruments at fair value through profit and loss	-	28
Cash generate from operations	(951)	(523)
Tax paid	(91)	(79)
Tax refunded	-	420
Net cash generate from operating activities	(1,042)	(182)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	49	96
Proceeds from disposal of plant, property and equipment	-	280
Purchase of plant, property and equipment	(573)	(759)
Net cash used in investing activities	(524)	(383)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in short-term borrowings	766	2,663
Interest paid	(757)	(624)
Repayment of term loan	(192)	(307)
Repayment of hire purchase obligations	(167)	(140)
Creation of hire purchase obligations	-	76
Net cash (used in)/from financing activities	(350)	1,668
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,916)	1,103



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED
31 AUGUST 2014 (UNAUDITED)**

**CASH AND CASH EQUIVALENTS AT BEGINNING OF
FINANCIAL PERIOD**

**CASH AND CASH EQUIVALENTS AT END OF FINANCIAL
PERIOD**

	7,308	7,714
	5,392	8,817

Fixed and short-term deposits with licensed banks *

Cash and bank balances

Bank overdrafts

Current Period	Preceding Year
Ended	Corresponding
31.08.2014	Period Ended
RM'000	31.08.2013
	RM'000
6,580	8,280
2,995	4,679
(4,183)	(4,142)
5,392	8,817

* 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 2014 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 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 2014 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 2014 except for the adoption of the new/ revised/ amendments to FRS which are applicable to the Group with effect from 1 January 2014.

Management foresees that the initial application of the new/ revised/ amendments FRSs will not have any significant impacts on the financial statements.

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.

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 2014 were not subject to any qualification.

4. Seasonal or Cyclical Factors

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



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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 31.08.2014 RM'000	Preceding Year Corresponding Period 31.08.2013 RM'000
Revenue		
Manufacturing	25,078	27,644
Trading	33,692	28,628
	<hr/> 58,770	<hr/> 56,272
Inter-segments elimination	(18,293)	(17,814)
Total Revenue	<hr/> 40,477	<hr/> 38,458
Profit Before Tax	<hr/> 200	<hr/> 483

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

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 2014.

11. Events subsequent to the Balance Sheet date

There were no events subsequent to the end of the financial period ended 31 August 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 2014.



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14. Capital Commitments

	As at 31.08.2014 Approved and Contracted for RM'000	As at 31.08.2014 Approved and Not Contracted for RM'000
Property, plant & equipment	545	-

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 for the current quarter ended 31 Aug 2014 increased to RM41.5 million compared to its corresponding period. This represented an increase of 8% from that of RM38.4 million registered in the corresponding period in the previous year. The increase in revenue were contributed from trading activities which increased by RM5.1 million compared to its corresponding period whilst manufacturing revenue deteriorated by RM2.6 million compared to its corresponding period.

This resultant profit before tax of RM0.2 million for the current quarter, represented a deterioration of RM0.3 million compared with the corresponding quarter a year ago. The main contributory factor for the reduction in profits was attributed to the reduction of manufacturing revenue which carries a better profit margin than trading business.

2. Variation of Results against Preceding Quarter

	Current Quarter ended 31.08.2014 RM'000	Preceding Quarter ended 31.05.2014 RM'000	Variance RM'000
Revenue	41,506	36,638	4,868
Profit/(loss) Before Tax	200	(103)	303

The revenue for the current quarter ended 31 August 2014 improved by RM4.9 million against the preceding quarter ended 31 May 2014. The increase in revenue helped to generate a profit before tax compared to a small loss incurred in the preceding quarter.

3. Current Year Prospects

The current year is expected to be more challenging as we have seen increases prices of raw materials, electricity and fuel which are major cost components in production, storage and distribution of products. On 1st April 2015, we will see the introduction of the Goods and Services Tax (GST) and these have led to a cautious overview of the market. To address these challenges, the management has put into action, plans to boost the performance of the Saudee Group by enhancing operational efficiency and effectiveness.

The transformational initiative that was planned in previous quarters has progressed satisfactorily. The management team has been strengthened and we are beginning to see the results of these continuous efforts which focus on the culture, productivity and efficiency of its operations. The management is thus optimistic that the Saudee Group will continue to register improvements in its performance.

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4. Variance between Actual Profit and Forecast Profit

Not applicable.

5. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.2014 RM'000	Preceding Year Corresponding Quarter 31.08.2013 RM'000	Current Year-To- Date 31.08.2014 RM'000	Preceding Year Corresponding Period 31.08.2013 RM'000
Current year				
Income tax	(74)	(20)	(74)	(20)
Deferred tax	-	(150)	-	(150)
	(74)	(170)	(74)	(170)

The tax expense rate for quarterly is higher than 25%.

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 31 August 2014 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:-			
Bank overdrafts	4,183	-	4,183
Bankers' acceptances	33,564	-	33,564
Hire purchase payables	693	-	693
Term loan	793	-	793
	39,233	-	39,233
Long term borrowings:-			
Hire purchase payables	1,816	-	1,816
Term loan	12,080	-	12,080
	13,896	-	13,896
Total	55,129	-	55,129

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.



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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 31.08.2014	Preceding Year Corresponding Quarter 31.08.2013	Current Year 31.08.2014	Preceding Year Corresponding Period 31.08.2013
Profit attributable to ordinary Equity holders of the Company (RM'000)	126	313	126	313
Weighted average number of ordinary shares in issue ('000)	90,000	90,000	90,000	90,000
Basic Earnings per Share (cent)	0.14	0.35	0.14	0.35

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 31.08.2014 RM'000	As at 31.05.2014 RM'000
Total retained profits of the Company and its subsidiaries:-		
Realised	56,194	56,068
Unrealised	(1,952)	(1,952)
	<hr/> 54,242	<hr/> 54,116
Consolidation adjustments and eliminations	(22,070)	(22,070)
Total group retained profits as per consolidated financial statements	<hr/> 32,172	<hr/> 32,046

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.