



SAUDEE
Group Berhad

(Company No.: 838172-P)

(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 2015

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 28.02.2015 RM'000	Preceding Year Corresponding Quarter 28.02.2014 RM'000	Current Year-To-Date 28.02.2015 RM'000	Preceding Year Corresponding Period 28.02.2014 RM'000
Revenue	45,543	33,651	126,385	112,474
Cost of sales	(38,386)	(28,830)	(110,458)	(97,625)
Gross profit	7,157	4,821	15,927	14,849
Other operating income	58	(18)	383	113
Operating expenses	(5,329)	(3,928)	(13,661)	(11,883)
Finance costs	(879)	(669)	(2,475)	(1,953)
Profit before tax	1,007	206	174	1,126
Tax income/(expense)	(92)	(175)	(124)	(558)
Net profit for the period	915	31	50	568
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	915	31	50	568
Total comprehensive income attributable to:				
Equity holders of the Company	915	31	50	568
Non-controlling interests	-	-	-	-
	915	31	50	568
Earnings per share (Note B11)				
Basic (Sen)	1.02	0.03	0.06	0.63
Diluted (Sen)	-	-	-	-



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Notes to Statement of Profit and Loss and Other Comprehensive Income

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28.02.2015 RM'000	Preceding Year Corresponding Quarter 28.02.2014 RM'000	Current Year-To-Date 28.02.2015 RM'000	Preceding Year Corresponding Period 28.02.2014 RM'000
Interest income	51	63	149	208
Other Income	14	35	283	119
Forex gain/(loss) - realised	(7)	14	(49)	(84)
Depreciation and amortisation	(1,202)	(1,069)	(3,218)	(3,115)
Impairment on loans and receivables	-	-	-	(27)
Impairment loss on property, plant and equipment	(250)	-	(250)	-
Interest expense	(879)	(669)	(2,465)	(1,953)
Bad debts written off	-	(5)	-	(533)
Gain/(loss) on disposal of property, plant and equipment	-	(143)	-	(102)

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
28 FEBRUARY 2015**

	Note	UNAUDITED As at 28.02.2015 RM'000	AUDITED As at 31.05.2014 RM'000
Non-Current Assets			
Property, plant and equipment		32,844	34,219
Investment property		3,200	3,200
		36,044	37,419
Current Assets			
Property development costs		9,333	10,356
Inventories		29,116	27,884
Receivables, deposits and prepayments		33,136	27,675
Current tax assets		343	79
Cash and cash equivalents		11,800	10,957
		83,728	76,951
TOTAL ASSETS		119,772	114,370
EQUITY AND LIABILITIES			
Equity			
Share capital		45,000	45,000
Reserves		4,531	4,481
TOTAL EQUITY		49,531	49,481
Non-Current Liabilities			
Long-term bank borrowings	B7	12,706	14,262
Deferred taxation		2,394	2,394
		15,100	16,656
Current Liabilities			
Trade and other payables and accruals		11,138	10,258
Short-term bank borrowings	B7	43,954	37,926
Financial liabilities at FV through profit & loss		49	49
		55,141	48,233
TOTAL LIABILITIES		70,241	64,889
TOTAL EQUITY AND LIABILITIES		119,772	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.



SAUDEE
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(Formerly known as Sinaria Corporation Berhad)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2015
(UNAUDITED)**

	<-----Attributable to equity holders of the Company ----->					Total RM'000
	Share Capital RM'000	<-----Non Distributable Reserves----->		Merger Deficit RM'000	Distributable Retained Profits RM'000	
	Share Premium RM'000	Revaluation Reserve RM'000				
Balance as at 01.06.2014	45,000	-	1,731	(29,296)	32,046	49,481
Profit for the period represents total comprehensive income for the period	-	-	-	-	50	50
Dividend paid	-	-	-	-	-	-
Balance as at 28.02.2015	45,000	-	1,731	(29,296)	32,096	49,531
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

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.



SAUDEE
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED
28 FEBRUARY 2015 (UNAUDITED)**

	Current Period	Preceding Year
	Ended	Corresponding
	28.02.2015	Period Ended
	RM'000	28.02.2014
		RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	174	1,126
Adjustments:		
Amortisation and depreciation	3,218	3,115
Bad debts written-off	-	533
Impairment loss on loans and receivables	-	27
Impairment loss on property, plant and equipment	250	102
Interest income	(149)	(208)
Interest expense	2,465	1,953
Operating profit before working capital changes	5,958	6,648
Property development costs	1,023	(474)
(Increase) / Decrease in inventories	(1,232)	592
(Increase) / Decrease in receivables	(5,461)	(3,235)
Increase / (Decrease) in payables	756	(419)
Financial instruments at fair value through profit or loss	-	27
Cash generate from/(used in) operations	1,044	3,139
Tax paid	(267)	(285)
Tax refunded	-	420
Net cash generate from/(used in) operating activities	777	3,274
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant, property and equipment	(2,095)	(3,347)
Proceeds from disposal of plant, property and equipment	1	353
Interest received	149	209
Net cash used in investing activities	(1,945)	(2,785)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in short-term borrowings	4,256	1,392
Repayment of hire purchase obligations	(416)	(482)
Creation of hire purchase obligations	517	1,482
Repayment of term loan	(584)	(1,363)
Drawdown of term loan	-	-
Interest paid	(2,465)	(1,953)
Net cash from financing activities	1,308	(924)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	140	(435)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	7,307	7,714
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	7,447	7,279



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED
28 FEBRUARY 2015 (UNAUDITED)**

	Current Period	Preceding Year
	Ended	Corresponding
	28.02.2015	Period Ended
	RM'000	28.02.2014
		RM'000
Fixed and short-term deposits with licensed banks *	7,778	4,187
Cash and bank balances	4,021	6,330
Bank overdrafts	(4,352)	(3,238)
	7,447	7,279

* 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 THIRD QUARTER ENDED
28 FEBRUARY 2015**

**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 28.02.2015 RM'000	Preceding Year Corresponding Period 28.02.2014 RM'000
Revenue		
Manufacturing	76,297	84,770
Trading	107,766	84,642
	<hr/> 184,063	<hr/> 169,412
Inter-segments elimination	(57,678)	(56,938)
Total Revenue	<hr/> 126,385 <hr/>	<hr/> 112,474 <hr/>
Profit / (Loss) Before Tax	<hr/> 174 <hr/>	<hr/> 1,126 <hr/>

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.



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11. Contingent Liabilities

Between end of January 2015 and February 2015, Perusahaan Saudee Sdn Bhd (“PSSB”), a wholly owned subsidiary company of the Company, received two bills of demand from Jabatan Kastam Diraja Malaysia (“JKDM”) demanding sales tax amounting to RM 9,310,631.97 (inclusive of penalty) that should have been paid in respect of the period from 1 November 2011 to 31 October 2014.

The management of the Company have been in discussion with JKDM and have provided the necessary documentation to support their views and appeals. The management continues to engage and cooperate with JKDN with regards to the claims.

The management appointed a sales tax consultant and based on the positive advice received from the consultant, the directors are of the view that PSSB stands a good chance in succeeding in its appeal.

12. Events subsequent to the Balance Sheet date

There were no events subsequent to the end of the financial period ended 28 February 2015 that have not been reflected in the interim financial statements as at the date of this report.

13. Changes in the Composition of the Group

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

14. 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.

15. Capital Commitments

	As at 28.02.2015 Approved and Contracted for RM'000	As at 28.02.2014 Approved and Not Contracted for RM'000
Property, plant & equipment	<u>1,818</u>	<u>2,370</u>



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2015

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

1. Review of Performance

The Group recorded a higher revenue of RM45.5 million for the current quarter ended 28 February 2015 which is RM 11.9 million (35%) more than its corresponding quarter. Gross profit increased by RM 2.3 million (48%) to RM7.2 million compared to the corresponding quarter. The year-to-date revenue, is booked at RM126.4 million, which is RM13.9 million (12%) higher compared to its corresponding year to date revenue. During the quarter ending 28 February 2015 the group provided RM 0.2 million impairment on property plant and equipment held by its inactive subsidiary, Nutriveg Sdn Bhd. The Group made a profit before tax (“PBT”) for the current quarter ended 28 February 2015 of RM1.0 million compared to a profit before tax of RM0.2 million in the corresponding quarter. PBT for year-to-date ended 28 February 2015 was RM0.2 million, compared to a profit before tax of RM 1.1 million recorded in the corresponding period.

2. Variation of Results against Preceding Quarter

	Current Quarter ended 28.02.2015 RM'000	Preceding Quarter ended 30.11.2014 RM'000	Variance RM'000
Revenue	45,543	39,336	6,207
Profit/(loss) Before Tax	1,007	(1,033)	2,040

The Group recorded higher revenue of RM45.5 million for the current quarter ended 28 February 2015, representing RM6.2 million (16%) increase compared to its preceding quarter. Gross profit increased by RM3.0 million (71%) compared to a gross profit of RM4.2 million achieved in the preceding quarter. Overall, this resulted in an increase in profits of RM2.0 million to achieve a PBT of RM1.1 million compared to a loss before tax in the preceding quarter of RM1.0 million.

3. Current Year Prospects

1st April 2015 saw the introduction of Goods and Services Tax (GST). We experience a rush of buying in March 2015 probably for stocking up purposes and are facing a consequential dip in sales in April 2015. The management expects this is a temporary dip and sales is expected to pick up nationally over the coming months subject to normal seasonality changes. On a group basis, it expects performance to be supported by the new product introduction and ongoing investment into more automation.

The Ringgit continues to fall significantly against the US Dollar, pushing up the cost of imports and other raw materials with the effect of squeezing margins. The major flood towards the end of December 2014 that hit several states in Peninsula Malaysia was one of the worst floods in more than 30 years. Besides affecting sales, returns of damaged goods following the flood also affected our gross margins. The squeeze on margins are expected to continue its impact in the short term and the management is taking measures to mitigate these effects.

The Saudee group is working with MyAngkasa Holding Sdn Bhd, a wholly owned company of the National Co-operative Movement of Malaysia (ANGKASA) to supply its manufactured products and other trading products to its members. Sales is targeted to start around May 2015 and will gradually ramp up over the year as operational reach expand throughout the country. We expect this co-operation will impact positively on market and profits growth extending beyond 2015.



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The Group's management transformation initiatives for future growth and sustainability continues with the following objectives:

- 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 freezers to counter the erosion of profit margins in the Modern Trade sales.

Whilst the Group is working on the expansion of business, the management continues to be vigilant about the credit control policy. The Group continues its focus on improving the efficiency and effectiveness of its business intelligence, corporate performance management and ERP through the efficient use of information technology.

4. Variance between Actual Profit and Forecast Profit

Not applicable.

5. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year 28.02.2015 RM'000	Preceding Year Corresponding Quarter 28.02.2014 RM'000	Current Year-To- Date 28.02.2015 RM'000	Preceding Year Corresponding Period 28.02.2014 RM'000
Current year				
Income tax	(92)	(25)	(124)	(49)
Deferred tax	-	(150)	-	(500)
	(92)	(175)	(124)	(549)
Prior year				
Income tax	-	-	-	(9)
Deferred tax	-	-	-	-
	-	-	-	(9)
	(92)	(175)	(124)	(558)



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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 2015 are as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short term borrowings:-			
Bank overdrafts	4,352	-	4,352
Bankers' acceptances	37,054	-	37,054
Hire purchase payables	808	-	808
Term loan	1,740	-	1,740
	<hr/>	<hr/>	<hr/>
	43,954	-	43,954
Long term borrowings:-			
Hire purchase payables	1,965	-	1,965
Term loan	10,741	-	10,741
	<hr/>	<hr/>	<hr/>
	12,706	-	12,706
Total	<hr/>	<hr/>	<hr/>
	56,660	-	56,660

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 28.02.2015	Preceding Year Corresponding Quarter 28.02.2014	Current Year 28.02.2015	Preceding Year Corresponding Period 28.02.2014
Profit attributable to ordinary Equity holders of the Company (RM'000)	915	31	50	568
Weighted average number of ordinary shares in issue ('000)	90,000	90,000	90,000	90,000
Basic Earnings per Share (Sen)	1.02	0.03	0.06	0.63

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 28.02.2015 RM'000	As at 31.05.2014 RM'000
Total retained profits of the Company and its subsidiaries:-		
Realised	56,118	56,068
Unrealised	(1,952)	(1,952)
	<hr/> 54,166	<hr/> 54,116
Consolidation adjustments and eliminations	(22,070)	(22,070)
Total Group retained profits as per consolidated financial statements	<hr/> 32,096	<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.