



**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 FOURTH QUARTER ENDED 31 MAY 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.05.2016 RM'000	Preceding Year Corresponding Quarter 31.05.2015 RM'000	Current Year-To-Date 31.05.2016 RM'000	Preceding Year Corresponding Period 31.05.2015 RM'000
Revenue	38,401	40,465	147,093	166,850
Cost of sales	(34,067)	(38,330)	(130,448)	(148,789)
Gross profit	4,334	2,135	16,645	18,061
Other operating income	1,029	1,578	2,210	1,962
Operating expenses	(5,027)	(5,247)	(19,798)	(18,907)
Finance costs	(911)	(819)	(3,548)	(3,295)
Loss before tax	(575)	(2,353)	(4,491)	(2,179)
Tax income	55	292	704	145
Net loss for the financial period	<b>(520)</b>	<b>(2,061)</b>	<b>(3,787)</b>	<b>(2,034)</b>
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
-Gross Revaluation increase of properties	-	2,848	-	2,848
-Deferred tax effects thereof	-	(712)	-	(712)
Other comprehensive income for the financial period	-	2,136	-	2,136
Total comprehensive income for the financial period	<b>(520)</b>	<b>75</b>	<b>(3,787)</b>	<b>102</b>
Loss per share (Note B11)				
Basic (Sen)	(0.47)	(2.19)	(3.85)	(2.17)
Diluted (Sen)	(0.47)	(2.19)	(3.85)	(2.17)



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**Notes to Statement of Profit and Loss and Other Comprehensive Income**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.05.2016 RM'000	Preceding Year Corresponding Quarter 31.05.2015 RM'000	Current Year-To-Date 31.05.2016 RM'000	Preceding Year Corresponding Period 31.05.2015 RM'000
Depreciation and amortisation	(1,061)	( 1,083)	(4,213)	(4,301)
Fair value adjustment of investment properties	410	670	410	670
Forex gain/(loss) - unrealised	(65)	-	(65)	-
Forex gain/(loss) - realised	(26)	(55)	24	(104)
Impairment loss on loans and receivables	(262)	(677)	(869)	(677)
Impairment loss on property development costs	(215)	-	(215)	-
Impairment loss on property, plant and equipment	-	(216)	-	(466)
Interest expense	(911)	(819)	(3,548)	(3,295)
Interest income	79	53	288	202
Inventories written off	(859)	-	(2,186)	-
Property, plant and equipment written off	-	(1)	(2)	(1)
Revaluation increase of land and building	-	359	-	359
Reversal of allowance for slow moving inventories	-	50	-	50
Reversal of impairment loss on loans and receivables	15	544	777	544

**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 2015 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.



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2016**

		<b>UNAUDITED</b>	<b>AUDITED</b>
		<b>As at</b>	<b>As at</b>
		<b>31.05.2016</b>	<b>31.05.2015</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		44,138	40,697
Investment property		4,280	3,870
		<b>48,418</b>	<b>44,567</b>
<b>Current Assets</b>			
Property development costs		8,800	9,015
Inventories		35,900	29,639
Receivables, deposits and prepayments		27,570	25,404
Current tax assets		457	352
Cash and cash equivalents		12,205	10,519
		<b>84,932</b>	<b>74,929</b>
<b>TOTAL ASSETS</b>		<b>133,350</b>	<b>119,496</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		60,000	45,000
Reserves		(4,348)	4,582
<b>TOTAL EQUITY</b>		<b>55,652</b>	<b>49,582</b>
<b>Non-Current Liabilities</b>			
Long-term bank borrowings	B7	14,383	13,247
Deferred taxation		2,207	2,986
		<b>16,590</b>	<b>16,233</b>
<b>Current Liabilities</b>			
Trade and other payables and accruals		16,829	15,555
Short-term bank borrowings	B7	44,279	38,126
		<b>61,108</b>	<b>53,681</b>
<b>TOTAL LIABILITIES</b>		<b>77,698</b>	<b>69,914</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>133,350</b>	<b>119,496</b>
Net assets per ordinary share attributable to ordinary equity holder of the Company (RM)		0.46	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 2015 and the accompanying explanatory notes attached to the interim financial statements.*



**SAUDEE**  
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(Company No.: 838172-P)

(Formerly known as Sinaria Corporation Berhad)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 MAY 2016**

	Share Capital RM'000	Non Distributable Reserves Revaluation Reserve RM'000	Warrant Reserve RM'000	Merger Deficit RM'000	Distributable Retained Profits RM'000	Total RM'000
<b>Balance as at 01.06.2015</b>	45,000	3,867	-	(29,296)	30,011	<b>49,582</b>
Loss (representing total other comprehensive income) for the financial year	-	-	-	-	(3,787)	<b>(3,787)</b>
Issue of shares pursuant to Rights Issue with Warrants	15,000	-	4,500	-	(9,000)	<b>10,500</b>
Share issue transaction costs	-	-	-	-	(643)	<b>(643)</b>
Total comprehensive income for the financial year	15,000	-	4,500	-	(9,643)	<b>9,857</b>
<b>Balance as at 31.05.2016</b>	<b>60,000</b>	<b>3,867</b>	<b>4,500</b>	<b>(29,296)</b>	<b>16,581</b>	<b>55,652</b>
<b>Balance as at 01.06.2014</b>	45,000	1,731	-	(29,296)	32,045	<b>49,480</b>
Gross Revaluation increase of properties	-	2,848	-	-	-	<b>2,848</b>
Deferred tax effects thereof	-	(712)	-	-	-	<b>(712)</b>
Other comprehensive income for the financial year	-	2,136	-	-	-	<b>2,136</b>
Loss for the financial year	-	-	-	-	(2,034)	<b>(2,034)</b>
Total comprehensive income for the financial year	-	2,136	-	-	(2,034)	<b>102</b>
<b>Balance as at 31.05.2015</b>	<b>45,000</b>	<b>3,867</b>	<b>-</b>	<b>(29,296)</b>	<b>30,011</b>	<b>49,582</b>

**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 2015 and the accompanying explanatory notes attached to the interim financial statements.*



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FOURTH QUARTER ENDED 31 MAY 2016**

	<b>Current Year-To-Date 31.05.2016 RM'000</b>	<b>Preceding Year Corresponding 31.05.2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(4,491)	(2,179)
Adjustments:		
Amortisation and depreciation	4,213	4,301
Gain on fair value adjustment of investment properties	(410)	(670)
Impairment loss on loans and receivables	869	677
Impairment loss on property development costs	215	-
Impairment loss on property, plant and equipment	-	466
Interest expense	3,548	3,295
Interest income	(288)	(202)
Inventories written off	2,186	-
Property, plant and equipment written off	2	1
Revaluation increase of properties	-	(359)
Reversal of allowance for slow moving inventories	-	(50)
Reversal of impairment loss on loans and receivables	(777)	(544)
Unrealised loss on foreign exchange	65	-
Operating profit before working capital changes	5,132	4,736
Property development costs	-	1,341
Increase in inventories	(8,447)	(1,705)
(Increase)/Decrease in receivables	(2,258)	2,138
Increase in payables	1,209	5,297
Financial instruments at fair value through profit and loss	-	(49)
Cash (absorbed by)/generated from operations	(4,364)	11,758
Tax paid	(180)	(355)
Tax refunded	-	107
Net cash (used in)/from operating activities	(4,544)	11,510
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	288	202
Proceeds from disposal of plant, property and equipment	-	1
Purchase of plant, property and equipment	(6,803)	(7,378)
Net cash used in investing activities	(6,515)	(7,175)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loan	3,000	-
Increase/(Decrease) in short-term borrowings	4,925	(804)
Interest paid	(3,548)	(3,295)
Issue of shares pursuant to Rights Issue with Warrants	10,500	-
Shares issuance expenses	(643)	-
Repayment of term loan	(1,245)	(788)
Repayment of hire purchase obligations	(762)	(770)
Placement of term deposits pledged as security	(2,417)	(1,378)
Net cash from/(used in) financing activities	9,810	(7,035)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,249)</b>	<b>(2,700)</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>(1,836)</b>	<b>864</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>(3,085)</b>	<b>(1,836)</b>



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FOURTH  
QUARTER ENDED 31 MAY 2016**

	<b>Current Year-To-Date Ended 31.05.2016 RM'000</b>	<b>Preceding Year Corresponding Period Ended 31.05.2015 RM'000</b>
Fixed and short-term deposits with licensed banks	10,239	7,822
Cash and bank balances	1,966	2,697
Bank overdrafts	(5,051)	(4,533)
	<b>7,154</b>	<b>5,986</b>
Less: Fixed and short-term deposits with licensed banks pledged as security for credit facilities granted to the Group	(10,239)	(7,822)
	<b>(3,085)</b>	<b>(1,836)</b>

**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 2015 and the accompanying explanatory notes attached to the interim financial statements.*



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## **UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MAY 2016**

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

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#### **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 2015 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 2015 except for the adoption of the new/ revised/ amendments to FRS which are applicable to the Group with effective date for annual periods beginning on or after 1 July 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 MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“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 a 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 the Construction of Real Estate*, including their parents, significant investors and joint venturers (“Transitioning Entities”). As announced by the MASB on 2 September 2014, Transitioning Entities are allowed to defer the adoption of the MFRS Framework to annual periods beginning on or after 1 January 2017.

Being a Transitioning Entity as defined above, the Group and the Company have elected to continue preparing their financial statements in accordance with the FRS Framework and will first present the financial statements in accordance with the MFRS Framework for the financial year ending 31 May 2018. 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 2015 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**

On 1 April 2016, the Company issued 30,000,000 new ordinary shares of RM0.50 each and 44,999,982 warrants pursuant to the renounceable Two-Call Rights Issue of 30,000,000 new ordinary shares of RM0.50 each ("Rights Share(s)") on the basis of 1 Rights Share for every 3 existing shares held together with 44,999,982 free detachable warrants ("Warrants A") on the basis of 3 Warrants A for every 2 Rights Shares subscribed, at an issue price of RM0.50 per ordinary share, of which the first call of RM0.35 per Rights Share is payable in cash and the second call of RM0.15 per Rights Share is to be capitalised from retained profits ("Rights Issue with Warrants").

The said shares and warrants were granted listing and quotation on the Main Market of Bursa Securities on 7 April 2016. The total cash proceeds of RM10,500,000 raised from the Rights Issue with Warrants will be utilised mainly for repayment of bank borrowing, working capital and to defray estimated expenses relating to the Rights Issue exercises. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter except for those mentioned above.

### **8. Dividend Paid**

There was no dividend paid in the current quarter.

### **9. Segment Reporting**

	<b>Current Year-To-Date 31.05.2016 RM'000</b>	<b>Preceding Year Corresponding Period 31.05.2015 RM'000</b>
Segment revenue		
<b>Manufacture and sale of food products</b>		
Manufacturing	59,249	58,148
Trading	87,844	108,702
	<hr/> 147,093	<hr/> 166,850
<b>Property development</b>	-	-
Total Revenue for the financial year	<hr/> <b>147,093</b>	<hr/> <b>166,850</b>





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**9. Segment Reporting (cont'd)**

<b>For the financial year ended 31 May 2016</b>	<b>Manufacture and sale of food products RM'000</b>	<b>Property development RM'000</b>	<b>Total RM'000</b>
Segment assets	124,471	8,879	133,350
Additions to non-current assets	7,656	-	7,656
Segment liabilities	73,801	3,897	77,698
Segment loss	(3,175)	(612)	(3,787)
Included in the measure of segment loss are:-			
Depreciation	(4,213)	-	(4,213)
Gain on fair value adjustment on investment properties	410	-	410
Impairment loss on loans and receivables	(869)	-	(869)
Impairment loss on property development costs	-	(215)	(215)
Interest expense	(3,233)	(315)	(3,548)
Interest income	288	-	288
Inventories written off	(2,186)	-	(2,186)
Property, plant and equipment written off	(2)	-	(2)
Reversal of impairment loss on loans and receivables	777	-	777
Tax income	704	-	704
<hr/>			
<b>For the financial year ended 31 May 2015</b>	<b>Manufacture and sale of food products RM'000</b>	<b>Property development RM'000</b>	<b>Total RM'000</b>
Segment assets	110,405	9,091	119,496
Additions to non-current assets	8,041	-	8,041
Segment liabilities	65,667	4,247	69,914
Segment Profit/(loss)	(1,641)	(393)	(2,034)
Included in the measure of segment loss are:-			
Depreciation	(4,301)	-	(4,301)
Gain on fair value adjustment on investment properties	670	-	670
Impairment loss on loans and receivables	(677)	-	(677)
Impairment loss on property, plant and equipment	(466)	-	(466)
Interest expense	(2,951)	(344)	(3,295)
Interest income	202	-	202
Property, plant and equipment written off	(1)	-	(1)
Revaluation increase of properties	359	-	359
Reversal of allowance for slow moving inventories	50	-	50
Reversal of impairment loss on loans and receivables	544	-	544
Tax income	145	-	145

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



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### **10. Events subsequent to the Balance Sheet date**

There were no events subsequent to the end of the financial year ended 31 May 2016 that have not been reflected in the interim financial statements as at the date of this report.

### **11. Changes in the Composition of the Group**

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

### **12. Contingent liabilities or contingent assets**

A subsidiary, Perusahaan Saudee Sdn. Bhd. (“PSSB”) received two Letters of Claims from the Royal Malaysian Customs Department (“Customs Department”) under Section 30(1) of Sales Tax Act 1972 for non-payment of sales tax and late penalties as follows:-

- (i) Letter of Claim dated 19 January 2015 for sales tax amounting to RM1,333,914.62 covering period 1 November 2011 to 31 October 2014 relating to sales of beef burgers and rabbit burgers and penalty amounting to RM323,676.19 up to 31 January 2015 (“Claim 1”); and
- (ii) Letter of Claim dated 25 February 2015 for sales tax amounting RM6,154,017.63 covering period 1 January 2012 to 31 October 2014 relating to sales of frozen chicken burgers, sausages, nuggets, balls and fried chicken said to be packed in air-tight containers and penalty amounting to RM1,499,023.53 up to 24 February 2015 (“Claim 2”).

PSSB has engaged consultant and legal adviser (“Professional Team”) to appeal for the claims. In relation to Claim 1, the Professional Team is in the process of discussing with the Director General of Customs and is making an appeal to the Ministry of Finance as to why the claim is premature and to seek cancellation of the said claim for the sales tax and penalty involved. The Professional Team is of the view that there are valid reasons to substantiate the PSSB’s appeal to the Director General of Customs and the Ministry of Finance for withdrawing the Customs’ claim for the sales tax and penalty. In relation to Claim 2, the Professional Team has now considered to make an appeal for the remission of the sales tax and penalties involved directly to the Ministry of Finance. Accordingly the appeal to the Customs Appeal Tribunal for this matter was withdrawn on the 22 December 2015 as there cannot be duplicity of action. The Professional Team is in the midst of preparing the supporting documents for the said appeal to the Minister of Finance for the remission of the sales tax and penalty involved under section 33 of the Sales Tax Act 1972. The Customs Department are alleging the packaging of the finished products of PSSB are air-tight and therefore subject to sales tax. The Professional Team is of the view that Claim 2 by the Customs Department is misconceived and there are meritorious grounds for it to be set aside. There are sufficient evidence and case laws supporting that the packaging used by PSSB on the alleged taxable goods are not air-tight and therefore should not be subject to payment of sales tax.

Based on the positive views of the Professional Team, the directors are of the opinion that it is not probable that a material outflow of resources embodying economic benefits will be required to settle the obligation. Accordingly, no provision has been recognised in the financial statements in respect of the claims.

The Group does not have any material contingent assets since the last audited financial statements for the financial year ended 31 May 2015.

### **13. Capital Commitments**

	<b>As at 31.05.2016 Contracted but Not Provided for RM’000</b>	<b>As at 31.05.2015 Contracted but Not Provided for RM’000</b>
Property, plant & equipment	<u>2,074</u>	<u>4,749</u>



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MAY 2016**

**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 May 2016 (Q4, 2016) decreased by RM2.1 million to RM38.4 million compared to its corresponding quarter ended 31 May 2015 (Q4, 2015) of RM 40.5 million. The decrease in turnover was due to reduce in the trading business amounting to RM4.2 million. However the turnover generated from Further Processed Products (FPP) segment increased by RM2.1 million. Gross profit for Q4, 2016 was increased by RM2.2 million to RM4.3 million compared to Q4, 2015. The gross profit margin achieved in Q4, 2016 was 11.3% as compared to 5.3% in Q4, 2015. The increase was contributed by higher FPP sales and a stable exchange rate movement in Q4, 2016.

On year to date basis, cumulative revenue for the financial year ended 31 May 2016 decreased by RM19.8 million to RM147.1 million compared to its corresponding cumulative year ended 31 May 2015. The reduction in cumulative revenue attributable to trading business was RM20.8 million whilst cumulative FPP sales increased by RM1.0 million. Overall, trading business volume reduced as a part of management's decision to set a lower trading volume in selected trading businesses in Q2 and Q3 of 2016 in view of the rising strength of the USD to mitigate the foreign exchange risk . Cumulative gross profit for the financial year ended 31 May 2016 at RM16.6 million was lower by RM1.5 million compared to its corresponding period.

**2. Variation of Results against Preceding Quarter**

	<b>Current Quarter ended 31.05.2016 RM'000</b>	<b>Preceding Quarter ended 29.2.2016 RM'000</b>	<b>Variance RM'000</b>
Revenue – Manufacturing (FPP)	14,668	14,600	68
Revenue – Trading	23,733	17,242	6,491
Revenue – Property development	-	-	-
Total revenue	38,401	31,842	6,559
Loss Before Tax	(575)	(1,142)	567

The revenue for the current quarter ended 31 May 2016 was RM6.6 million higher than its preceding quarter and trading business accounted for RM6.5 million of the increase in revenue. The increase in revenue of trading business has improved the current quarter result.

The huge increase in trading business in Q4, 2016 as compared to Q3, 2016 is due to stable movement in exchange rate thus given the Management a more predictable pricing in the trading business.



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### 3. Prospects

The Ringgit started to strengthen against the USD in a significant manner from March 2016 and this trend is continuing to have a favourable impact on the Group's cost of goods produced, albeit with a time lag of a couple of months due to purchase order process, delivery, stocking of raw materials and finished goods. The stronger Ringgit will ultimately feed into the better bottom line results of the Group.

The Group has been developing new products and implementing re-pricing strategies to help to improve on its gross margins and improve on its profitability. To support its strategies, the Group recently concluded its corporate exercise to raise RM10.5 million via Rights Issue to provide additional working capital and to reduce bank borrowings. The Group has also contracted to dispose of a non-productive asset comprising of a piece of industrial land in Sungai Buloh for RM8.8 million, and this will result in a cancellation of an associated bank loan outstanding for the initial land purchase of RM3.8 million.

The financial year ending 31 May 2017 should witness the Group's new and current products going to markets both locally and abroad. The Group has secured a foothold in Japan for exports of its products and other countries are being strongly targeted. The Group targets the export sector to contribute significantly to the results of the Group within the next 12 months. The Group is also in negotiation with a Japanese organisation on a joint venture to produce a new halal food product to cater to the local and exports market. The product, manufactured under a patented technology, has a significant untapped market both locally and overseas and is also expected to make a significant contribution to the Group's result when implemented within the coming 12 months.

### 4. Variance between Actual Profit and Forecast Profit

Not applicable.

### 5. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.05.2016 RM'000	Preceding Year Corresponding Quarter 31.05.2015 RM'000	Current Year-To- Date 31.05.2016 RM'000	Preceding Year Corresponding Period 31.05.2015 RM'000
Current year				
Income tax	10	114	(29)	(10)
Deferred tax	47	212	682	189
	<b>57</b>	<b>326</b>	<b>653</b>	<b>179</b>
Prior year				
Income tax	0	35	(46)	35
Deferred tax	(2)	(69)	97	(69)
	<b>(2)</b>	<b>(34)</b>	<b>51</b>	<b>(34)</b>
	<b>55</b>	<b>292</b>	<b>704</b>	<b>145</b>

The tax income for the quarter and year-to-date under review was due to the reversal of deferred tax.



**SAUDEE**  
Group Berhad

(Company No.: 838172-P)

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

**6. Status of Corporate Proposals**

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

The status of the utilisation of the proceeds from Rights Issue as at 20 July 2016 (being the latest practicable date) was as follows:-

Details of Utilisation	Intended Timeframe for the Utilisation of Proceeds from the Completion of Right Issue	Proposed	Actual	Deviation	Balance
		Utilisation	Utilisation		
		RM'000	RM'000	RM'000	RM'000
Repayment of bank borrowing	Within 12 months	5,000	2,000	-	3,000
Working capital	Within 12 months	4,800	4,857	57	-
Estimated expenses for Rights Issue	Upon completion	700	643	(57)	-
<b>Total</b>		<b>10,500</b>	<b>7,500</b>	<b>-</b>	<b>3,000</b>

The fund raised via Right Issue received on April 2016. The Group only manage to settle the borrowing after the financial year ended 31 May 2016. As such the Group's borrowing as at 31 May 2016 as disclosed below in Note B7 does not reflect repayment of bank borrowings. The Group has used the working capital for new business venture and subsequently to settle the borrowing in the next 12 months.

**7. Group Borrowings and Debt Securities**

The Group's borrowings as at 31 May 2016 are as follows:-

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Short term borrowings:-</b>			
Bank overdrafts	5,051	-	5,051
Bankers' acceptances	36,919	-	36,919
Hire purchase payables	907	-	907
Term loan	861	541	1,402
	<b>43,738</b>	<b>541</b>	<b>44,279</b>
<b>Long term borrowings:-</b>			
Hire purchase payables	1,753	-	1,753
Term loan	10,596	2,034	12,630
	<b>12,349</b>	<b>2,034</b>	<b>14,383</b>
<b>Total</b>	<b>56,087</b>	<b>2,575</b>	<b>58,662</b>

**8. Material Litigation**

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



## SAUDEE

Group Berhad

(Company No.: 838172-P)

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

### 9. Material Event

On 15 February 2016, the Board of Directors of SAUDEE has announced that Sunwish Venture Sdn. Bhd. (“SVSB”), a wholly-owned property development subsidiary of SAUDEE, has on February 15, 2016 entered into a Sales and Purchase Agreement (“SPA”) with Kinheng Furniture Sdn. Bhd. (“the Purchaser”) to dispose its development property for RM8.8 million. The SPA is conditional upon the SVSB obtaining the relevant state authority’s consent for the sale and transfer of the Land in favour of the Purchaser. The state authority’s consent has been received after the financial year ended 31 May 2016.

### 10. Proposed Dividend

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

### 11. Loss Per Share

#### Basic

The basic loss per share has been calculated by dividing the Company’s loss 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	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year	Corresponding
	31.05.2016	Quarter	31.05.2016	Period
		31.05.2015		31.05.2015
Loss attributable to ordinary equity holders of the Company (RM’000)	(520)	(2,061)	(3,787)	(2,034)
Weighted average number of ordinary shares in issue (‘000)				
Issued ordinary shares as at beginning of the period under review	90,000	90,000	90,000	90,000
Effect of Rights Shares issued	21,304	3,913	8,261	3,913
	<u>111,304</u>	<u>93,913</u>	<u>98,261</u>	<u>93,913</u>
Basic loss per Share (cent)	<u>(0.47)</u>	<u>(2.19)</u>	<u>(3.85)</u>	<u>(2.17)</u>

#### Diluted

The diluted loss per share equal the basic loss per share due to the anti-dilutive effect of the share warrants which has been ignored in calculating the diluted loss per share.



**SAUDEE**  
Group Berhad

(Company No.: 838172-P)

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

**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:

	<b>As at 31.05.2016 RM'000</b>	<b>As at 31.05.2015 RM'000</b>
Total retained profits of the Company and its subsidiaries:-		
Realised	37,882	52,569
Unrealised	19	(1,139)
	<hr/>	<hr/>
	37,901	51,430
Consolidation adjustments and eliminations	(21,320)	(21,419)
	<hr/>	<hr/>
Total Group retained profits as per consolidated financial statements	16,581	30,011

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.