



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 FOURTEEN MONTHS ENDED 31 JULY 2017

	Current period Two months ended 31.7.2017 RM'000	Cumulative period fourteen months ended 31.7.2017 RM'000
Revenue	18,471	155,718
Cost of sales	(15,592)	(130,755)
Gross profit	2,879	24,963
Other operating income	280	1,862
Operating expenses	(2,362)	(21,202)
Finance costs	(567)	(4,058)
Profit before tax	230	1,565
Tax income/(expense)	46	(208)
Net profit for the financial period	276	1,357
Other comprehensive income for the financial period:		
- Revaluation increase in properties	1,165	1,165
- Deferred tax expense of revaluation increase	(280)	(280)
	885	885
Total comprehensive income for the financial period	1,161	2,242
Earnings per share (Note B10)		
Basic (Sen)	0.23	1.13
Diluted (Sen)	0.23	1.13



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Note to Statement of Profit and Loss and Other Comprehensive Income

	Current period Three months ended 31.7.2017 RM'000	Cumulative period fourteen months ended 31.7.2017 RM'000
Allowance for slow moving inventories	-	(1,100)
Depreciation and amortisation	(758)	(5,795)
Forex gain/(loss) - realised	141	288
Gain on revalue of investment properties	280	280
Impairment loss on loans and receivables	-	(77)
Interest expense	(567)	(4,058)
Interest income	12	366
Loss on disposal of property, plant and equipment	-	(2)
Reversal of impairment loss on loans and receivables	-	149
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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 2016 and the accompanying explanatory notes attached to the interim financial statements.

There are no comparative figures disclosed for the current quarter and the cumulative period-to-date of the preceding quarter following the change in the financial year end from 31 May 2017 to 31 July 2017.

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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(Company No.: 838172-P)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2017

		UNAUDITED	AUDITED
		As at	As at
	Note	31.7.2017	31.05.2016
		RM'000	RM'000
Non-Current Assets			
Property, plant and equipment		41,732	44,138
Investment property		4,560	4,280
		46,292	48,418
Current Assets			
Property development costs		-	8,800
Inventories		35,785	36,193
Receivables, deposits and prepayments		31,358	28,276
Current tax assets		263	441
Cash and cash equivalents		7,741	12,205
		75,147	85,915
TOTAL ASSETS		121,439	134,333
EQUITY AND LIABILITIES			
Equity			
Share capital		60,000	60,000
Reserves		(1,908)	(4,150)
TOTAL EQUITY		58,092	55,850
Non-Current Liabilities			
Long-term bank borrowings	B6	9,201	14,383
Deferred taxation		2,481	2,284
		11,682	16,667
Current Liabilities			
Trade and other payables and accruals		15,786	17,537
Short-term bank borrowings	B6	35,879	44,279
Current tax liabilities		-	-
		51,665	61,816
TOTAL LIABILITIES		63,347	78,483
TOTAL EQUITY AND LIABILITIES		121,439	134,333
Net assets per ordinary share attributable to ordinary equity holder of the Company (RM)		0.48	0.47

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 2016 and the accompanying explanatory notes attached to the interim financial statements.



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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 FOURTEEN MONTHS ENDED 31 JULY 2017

	Share Capital RM'000	Revaluation Reserve RM'000	Non Distributable Reserves Warrant Reserve RM'000	Merger Deficit RM'000	Distributable Retained Profits RM'000	Total RM'000
Balance as at 01.06.2016	60,000	3,867	4,500	(29,296)	16,779	55,850
Profit (representing total other comprehensive income) for the financial period	-	-	-	-	1,357	1,357
Revaluation increase of properties	-	1,165	-	-	-	1,165
Deferred tax expense of revaluation increase	-	(280)	-	-	-	(280)
Other comprehensive income for the financial period	-	885	-	-	-	885
Balance as at 31.7.2017	60,000	4,752	4,500	(29,296)	18,136	58,092
Balance as at 01.06.2015	45,000	3,867	-	(29,296)	30,011	49,582
Loss (representing total other comprehensive income) for the financial period	-	-	-	-	(3,267)	(3,267)
Issue of shares pursuant to Rights Issue with Warrants	15,000	-	4,500	-	(9,000)	10,500
Share issue transaction costs	-	-	-	-	(643)	(643)
Total comprehensive income for the financial year	15,000	-	4,500	-	(9,643)	9,857
Balance as at 31.5.2016	60,000	3,867	4,500	(29,296)	16,779	55,850

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 2016 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR FOURTEEN MONTHS ENDED 31 JULY 2017

	Current Period-To-Date 31.7.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before tax	1,565
Adjustments:	
Amortisation and depreciation	5,795
Impairment loss on loans and receivables	77
Interest expense	4,058
Interest income	(366)
Loss on disposal of property, plant and equipment	2
Reversal of impairment loss on loans and receivables	(149)
Gain on revalue of investment properties	(280)
Operating profit before working capital changes	10,702
Progress billing	8,800
Decrease in inventories	407
Increase in receivables	(3,012)
Decrease in payables	(1,751)
Cash generated from operations	15,146
Tax refund	(111)
Net cash from operating activities	15,035
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	366
Purchase of plant, property and equipment	(1,050)
Net cash used in investing activities	(684)
CASH FLOWS FROM FINANCING ACTIVITIES	
(Decrease)/Increase in short-term borrowings	(8,917)
Interest paid	(4,058)
Withdrawal of term deposits pledged as security	4,159
Repayment of hire purchase obligations	(1,426)
Repayment of term loan	(5,087)
Net cash used in financing activities	(15,329)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(978)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	(3,085)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	(4,063)



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR FOURTEEN MONTHS
ENDED 31 JULY 2017**

	Current Period-To-Date Ended 31.7.2017 RM'000
Fixed and short-term deposits with licensed banks	6,079
Cash and bank balances	1,662
Bank overdrafts	(5,725)
	<hr/> 2,016
Less: Fixed and short-term deposits with licensed banks pledged as security for credit facilities granted to the Group	(6,079)
	<hr/> (4,063) <hr/>

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 2016 and the accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED
31 MAY 2017**

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

1. Change in financial year end

On 25 April 2017, the Company announced to change its financial year end from 31 May 2017 to 31 July 2017. The first set of financial statements reflecting the change shall be made up from 1 June 2016 to 31 July 2017 covering a period of 14 months.

Thereafter, the subsequent financial years of the Company shall end on 31 July every year.

2. 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 2016 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.

3. 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 2016.

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 28 October 2015, Transitioning Entities are allowed to defer the adoption of the MFRS Framework to annual periods beginning on or after 1 January 2018.

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 July 2017. Management is currently examining the financial impacts of transition to the MFRS Framework.

4. 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 2016 were not subject to any qualification.



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5. Seasonal or Cyclical Factors

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

6. 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.

7. Material Changes in Estimates

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

8. Debt and Equity Securities

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

9. Dividend Paid

There was no dividend paid in the current quarter.

10. Segment Reporting

	Cumulative period fourteen months ended 31.7.2017 RM'000		
Segment revenue			
Manufacture and sale of food products			
Manufacturing			71,874
Trading			75,044
			<u>146,918</u>
Property development			8,800
Total Revenue for the financial period			<u>155,718</u>
For the financial period ended 31 July 2017	Manufacture and sale of food products RM'000	Property development RM'000	Total RM'000
Segment assets	121,435	4	121,439
Additions to non-current assets	(2,126)	-	(2,126)
Segment liabilities	63,295	52	63,347
Segment profit/(loss)	1,946	(589)	1,357
Included in the measure of segment profit/(loss) are:-			
Depreciation	(5,795)	-	(5,795)
Gain on revalue of investment properties	280	-	280
Impairment loss on loans and receivables	(77)	-	(77)
Interest expense	(3,764)	(294)	(4,058)
Interest income	357	9	366
Loss on disposal of property, plant and equipment written off	(2)	-	(2)
Reversal of impairment loss on loans and receivables	149	-	149
Tax expense	(208)	-	(208)



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11. Events subsequent to the Balance Sheet date

There were no events subsequent to the end of the financial period ended 31 July 2017 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. Contingent liabilities or contingent assets

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

- (i) Bill of Demand 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 said to be packed in air-tight containers and penalty amounting to RM323,676.19 up to 31 January 2015 (“BOD 1”); and
- (ii) Bill of Demand 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 (“BOD 2”).

PSSB has engaged a tax consultant to liaise with the RMCD on the appeal for the Sales Tax underpaid via BOD 1 & 2. Tax consultant is in the process of discussing with the Director General of Customs to seek cancellation of both BODs for the sales tax and penalty involved. Tax consultant is of the view that an appeal may be submitted to the Director General of RMCD for withdrawing the Customs’ claim for the sales tax and penalty. The appeal is based on the lab test concluded by PSSB which supports that the requirement to be classified as “airtight container” under the Custom Duties Order 2017 is not met. The outcome of the above appeal is subject to RMCD’s approval.

Based on the positive views of the Professional Team, the directors are of the opinion that it is not probable that an 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 period ended 31 July 2017.

14. Capital Commitments

There were no capital commitments during the current period under review.



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

1. Review of Performance

The Group reported revenue of RM18.47 million in the current period and RM155.72 million in the cumulative period. The profit before tax amounted to RM0.23 million for current period and for the 14 months period, the Group's profit before tax was RM1.57 million.

There is no commentary on the comparison with last year corresponding periods since no comparative are available due to the change in financial year end.

2. Variation of Results against Preceding Quarter

The Group recorded a profit before tax of RM0.23 million in the current period as compared to profit before tax RM0.67 million in the preceding quarter ended 31 May 2017.

3. Prospects

The financial year ending 31 July 2018 should witness the Group's new products going to markets both locally and abroad. The Group has started collaboration with a few strategic partners to produce 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.

4. Variance between Actual Profit and Forecast Profit

Not applicable.

5. Taxation

	Current quarter 31.7.2017 RM'000	Period to date 31.7.2017 RM'000
Current period		
Income tax	111	(289)
Deferred tax	(63)	(28)
	48	(317)
Prior year		
Deferred tax	(2)	109
	(2)	109
	46	(208)

The tax income for the period under review is due to the reversal of over provision in prior period whereas lower effective tax rate for period to-date is due to the reversal of deferred tax.



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6. Group Borrowings and Debt Securities

The Group's borrowings as at 31 July 2017 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:-			
Bank overdrafts	5,725	-	5,725
Bankers' acceptances	28,002	-	28,002
Hire purchase payables	1,063	-	1,063
Term loan	513	576	1,089
	<u>35,303</u>	<u>576</u>	<u>35,879</u>
Long term borrowings:-			
Hire purchase payables	1,346	-	1,346
Term loan	6,496	1,359	7,855
	<u>7,842</u>	<u>1,359</u>	<u>9,201</u>
Total	<u>43,145</u>	<u>1,935</u>	<u>45,080</u>

7. Material Litigation

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

8. Material Event

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

9. Proposed Dividend

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



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10. Earnings Per Share

Basic

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

	Current quarter	Period to date
Profit/(Los) attributable to ordinary equity holders of the Company (RM'000)	276	1,357
Weighted average number of ordinary shares in issue ('000)	120,000	120,000
Basic earnings/(loss) per Share (sen)	0.23	1.13

Diluted

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

11. 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 31.7.2017 RM'000	As at 31.5.2016 RM'000
Total retained profits of the Company and its subsidiaries:-		
Realised	33,693	33,041
Unrealised	154	8
	33,847	33,049
Consolidation adjustments and eliminations	(15,711)	(16,270)
Total group retained profits as per consolidated financial statements	18,136	16,779

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.

12. Authorisation for issue

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