



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 1st QUARTER ENDED 31 OCTOBER 2017

| | Current period Three months ended 31.10.2017 RM'000 | Cumulative period three months ended 31.10.2017 RM'000 |
|--|--|---|
| Revenue | 31,761 | 31,761 |
| Cost of sales | (26,573) | (26,573) |
| Gross profit | 5,188 | 5,188 |
| Other operating income | 252 | 252 |
| Operating expenses | (4,186) | (4,186) |
| Finance costs | (520) | (520) |
| Profit before tax | 734 | 734 |
| Tax expense | (320) | (320) |
| Net profit for the financial period | 414 | 414 |
| Other comprehensive income for the financial period: | | |
| - Revaluation increase in properties | - | - |
| - Deferred tax expense of revaluation increase | - | - |
| | 414 | 414 |
| Total comprehensive income for the financial period | 414 | 414 |
| Earnings per share (Note B11) | | |
| Basic (Sen) | 0.35 | 0.35 |
| Diluted (Sen) | 0.35 | 0.35 |



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Note to Statement of Profit and Loss and Other Comprehensive Income

| | Current period Three months ended 31.10.2017 RM'000 | Cumulative period three months ended 31.10.2017 RM'000 |
|-------------------------------|--|---|
| Depreciation and amortisation | (1,256) | (1,256) |
| Forex gain/(loss) - realised | 203 | 203 |
| Interest expense | (520) | (520) |
| | <hr/> | <hr/> |

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 period ended 31 July 2017 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.



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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 OCTOBER 2017

| | Note | UNAUDITED As at 31.10.2017 RM'000 | AUDITED As at 31.07.2017 RM'000 |
|--|------|--|--|
| Non-Current Assets | | | |
| Property, plant and equipment | | 40,503 | 41,731 |
| Investment property | | 4,560 | 4,560 |
| | | 45,063 | 46,291 |
| Current Assets | | | |
| Inventories | | 32,695 | 37,814 |
| Receivables, deposits and prepayments | | 28,535 | 29,806 |
| Current tax assets | | 224 | 182 |
| Cash and cash equivalents | | 9,606 | 8,240 |
| | | 71,060 | 76,042 |
| TOTAL ASSETS | | 116,123 | 122,333 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 60,000 | 60,000 |
| Reserves | | (1,408) | (1,822) |
| TOTAL EQUITY | | 58,592 | 58,178 |
| Non-Current Liabilities | | | |
| Long-term bank borrowings | B7 | 9,002 | 9,424 |
| Deferred taxation | | 2,980 | 2,910 |
| | | 11,982 | 12,334 |
| Current Liabilities | | | |
| Trade and other payables and accruals | | 18,229 | 16,966 |
| Short-term bank borrowings | B7 | 26,825 | 34,634 |
| Current tax liabilities | | 495 | 221 |
| | | 45,549 | 51,821 |
| TOTAL LIABILITIES | | 57,531 | 64,155 |
| TOTAL EQUITY AND LIABILITIES | | 116,123 | 122,333 |
| Net assets per ordinary share attributable to ordinary equity holder of the Company (RM) | | 0.49 | 0.48 |

Notes:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial period ended 31 July 2017 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 1st QUARTER ENDED 31 OCTOBER 2017

| | 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 |
|---|----------------------------|--|------------------------------|-----------------------------|--|-----------------|
| Balance as at 01.08.2017 | 60,000 | 4,782 | 4,500 | (29,296) | 18,192 | 58,178 |
| Profit (representing total other comprehensive income) for the financial period | - | - | - | - | 414 | 414 |
| Revaluation increase of properties | - | - | - | - | - | - |
| Deferred tax expense of revaluation increase | - | - | - | - | - | - |
| Other comprehensive income for the financial period | - | - | - | - | - | - |
| Balance as at 31.10.2017 | 60,000 | 4,782 | 4,500 | (29,296) | 18,606 | 58,592 |
| 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 | - | - | - | - | 1,413 | 1,413 |
| Issue of shares pursuant to Rights Issue with Warrants | - | 1,165 | - | - | - | 1,165 |
| Share issue transaction costs | - | (250) | - | - | - | (250) |
| Total comprehensive income for the financial year | - | 915 | - | - | - | 915 |
| Balance as at 31.7.2017 | 60,000 | 4,782 | 4,500 | (29,296) | 18,192 | 58,178 |

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 period ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial statements.



SAUDEE
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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR 1st QUARTER ENDED
31 OCTOBER 2017**

| | Current Period-To-Date 31.10.2017 RM'000 |
|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Profit before tax | 734 |
| Adjustments: | |
| Amortisation and depreciation | 1,256 |
| Interest expense | 520 |
| Operating profit before working capital changes | 2,510 |
| Decrease in inventories | 5,119 |
| Increase in receivables | 1,271 |
| Decrease in payables | 1,263 |
| Cash generated from operations | 10,163 |
| Tax paid | (18) |
| Net cash from operating activities | 10,145 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest received | - |
| Purchase of plant, property and equipment | (28) |
| Net cash used in investing activities | (28) |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Decrease in short-term borrowings | (8,812) |
| Interest paid | (520) |
| Placement of term deposits pledged as security | (30) |
| Repayment of hire purchase obligations | (184) |
| Repayment of term loan | (283) |
| Net cash used in financing activities | (9,829) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 288 |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD | (2,542) |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD | (2,254) |



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR 1st QUARTER ENDED
31 OCTOBER 2017**

| | Current Period-To-Date Ended 31.10.2017 RM'000 |
|--|---|
| Fixed and short-term deposits with licensed banks | 6,109 |
| Cash and bank balances | 3,497 |
| Bank overdrafts | (5,751) |
| | <hr/> 3,855 |
| Less: Fixed and short-term deposits with licensed banks pledged as security for credit facilities granted to the Group | (6,109) |
| | <hr/> <hr/> (2,254) |

Notes:

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Company for the financial period ended 31 July 2017 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 period ended 31 July 2017 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 period ended 31 July 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 2018. 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 period ended 31 July 2017 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 three months ended 31.10.2017 RM'000 |
|--|---|
| Segment revenue | |
| Manufacture and sale of food products | |
| Trading | 7,496 |
| Manufacturing | 24,265 |
| Total Revenue for the financial period | <u>31,761</u> |

11. Events subsequent to the Balance Sheet date

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



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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 RM31.76 million in the current period. The profit before tax amounted to RM0.73 million for current period.

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 RM0.73 million in the current period as compared to profit before tax RM0.23 million in the preceding quarter ended 31 July 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 31.10.2017 RM'000 | Period to date 31.10.2017 RM'000 |
|----------------|--|---|
| Current period | | |
| Income tax | 250 | 250 |
| Deferred tax | 70 | 70 |
| | 320 | 320 |

The higher effective tax rate for the period to-date is due to non-deductible expenses and provision of deferred tax



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6. Status of Corporate Proposal.

There were corporate proposals announced but not completed as at the latest practicable date of this interim financial report.

On 7 December 2017, the Group have announce that Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 6 December 2017, approved the following:

- (i) the listing and quotation of up to 16,499,998 Placement Shares to be issued pursuant to the Proposed Private Placement; and
- (ii) the listing of such number of additional new ordinary shares, representing up to 15% of the issued share capital of Saudee, to be issued pursuant to the exercise of Options under the Proposed ESOS.

The approval of Bursa Securities for the Proposals is subject to the following conditions:

- (i) Affin Hwang IB must fully comply with the relevant provisions under the Main Market Listing Requirements ("Listing Requirements") pertaining to the implementation of the Proposals;
- (ii) Affin Hwang IB is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed ESOS;
- (iii) Saudee is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Options under the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable;
- (iv) Affin Hwang IB to inform Bursa Securities upon the completion of the Proposals;
- (v) Affin Hwang to furnish Bursa Securities with a written confirmation of its compliance with the conditions imposed by Bursa Securities upon the completion of the Proposals; and
- (vi) To incorporate Bursa Securities' comments in respect of the draft circular to shareholders.



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7. Group Borrowings and Debt Securities

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

| | Secured | Unsecured | Total |
|--------------------------------|----------------|------------------|---------------|
| | RM'000 | RM'000 | RM'000 |
| Short term borrowings:- | | | |
| Bank overdrafts | 5,751 | - | 5,751 |
| Bankers' acceptances | 19,188 | - | 19,188 |
| Hire purchase payables | 707 | - | 707 |
| Term loan | 603 | 576 | 1,179 |
| | <hr/> | <hr/> | <hr/> |
| | 26,249 | 576 | 26,825 |
| Long term borrowings:- | | | |
| Hire purchase payables | 1,519 | - | 1,519 |
| Term loan | 6,124 | 1,359 | 7,483 |
| | <hr/> | <hr/> | <hr/> |
| | 7,643 | 1,359 | 9,002 |
| Total | <hr/> | <hr/> | <hr/> |
| | 33,892 | 1,935 | 35,827 |

8. Material Litigation

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

9. Material Event

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

10. Proposed Dividend

There was no dividend proposed or declared for the current period 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 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 attributable to ordinary equity holders of the Company (RM'000) | 414 | 414 |
| Weighted average number of ordinary shares in issue ('000) | 120,000 | 120,000 |
| Basic earnings/(loss) per Share (sen) | 0.35 | 0.35 |

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.

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 31.10.2017 RM'000 | As at 31.7.2017 RM'000 |
|---|-------------------------------|------------------------------|
| Total retained profits of the Company and its subsidiaries:- | | |
| Realised | 36,350 | 35,936 |
| Unrealised | (148) | (148) |
| | 36,202 | 35,788 |
| Consolidation adjustments and eliminations | (17,596) | (17,596) |
| Total group retained profits as per consolidated financial statements | 18,606 | 18,192 |

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.