



**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 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2018**

	<b>Current period Three months ended 31.01.2018 RM'000</b>	<b>Cumulative period three months ended 31.01.2018 RM'000</b>
Revenue	26,295	58,056
Cost of sales	(19,613)	(46,186)
Gross profit	6,682	11,870
Other operating income	414	666
Operating expenses	(5,935)	(10,121)
Finance costs	(633)	(1,153)
Profit before tax	528	1,262
Tax expense	(57)	(377)
Net profit for the financial period	<b>471</b>	<b>885</b>
Other comprehensive income for the financial period:		
- Revaluation increase in properties	-	-
- Deferred tax expense of revaluation increase	-	-
	471	885
Total comprehensive income for the financial period	<b>471</b>	<b>885</b>
Earnings per share (Note B11)		
Basic (Sen)	0.36	0.67
Diluted (Sen)	0.36	0.67



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

	<b>Current period Three months ended 31.01.2018 RM'000</b>	<b>Cumulative period three months ended 31.01.2018 RM'000</b>
Depreciation and amortisation	(1,248)	(2,504)
Impairment loss on receivables	(1,400)	(1,400)
Forex gain - realised	310	513
Interest expense	(633)	(1,153)
	<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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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2018**

	Note	UNAUDITED As at 31.01.2018 RM'000	AUDITED As at 31.07.2017 RM'000
<b>Non-Current Assets</b>			
Property, plant and equipment		40,346	41,731
Investment on associated company		390	-
Investment property		4,560	4,560
		45,296	46,291
<b>Current Assets</b>			
Inventories		27,313	37,814
Receivables, deposits and prepayments		32,231	29,806
Current tax assets		279	182
Cash and cash equivalents		6,945	8,240
		66,768	76,042
<b>TOTAL ASSETS</b>		<b>112,064</b>	<b>122,333</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		65,400	60,000
Treasury shares		(13)	-
Reserves		(937)	(1,822)
<b>TOTAL EQUITY</b>		64,450	58,178
<b>Non-Current Liabilities</b>			
Long-term bank borrowings	B7	8,512	9,424
Deferred taxation		2,980	2,910
		11,492	12,334
<b>Current Liabilities</b>			
Trade and other payables and accruals		7,323	16,966
Short-term bank borrowings	B7	28,294	34,634
Current tax liabilities		505	221
		36,122	51,821
<b>TOTAL LIABILITIES</b>		47,614	64,155
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>112,064</b>	<b>122,333</b>
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.*



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(Formerly known as Sinaria Corporation Berhad)

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2018**

	<b>Share Capital RM'000</b>	<b>Non Distributable Reserves Revaluation Reserve RM'000</b>	<b>Warrant Reserve RM'000</b>	<b>Merger Deficit RM'000</b>	<b>Distributable Retained Profits RM'000</b>	<b>Total RM'000</b>
<b>Balance as at 01.08.2017</b>	60,000	4,782	4,500	(29,296)	18,192	<b>58,178</b>
Profit (representing total other comprehensive income) for the financial period	-	-	-	-	885	<b>885</b>
Issued of Share pursuant to private placement	5,400	-	-	-	-	<b>5,400</b>
Purchase of treasury shares	(13)	-	-	-	-	<b>(13)</b>
Revaluation increase of properties	-	-	-	-	-	-
Deferred tax expense of revaluation increase	-	-	-	-	-	-
Other comprehensive income for the financial period	-	-	-	-	-	-
<b>Balance as at 31.01.2018</b>	<b>65,387</b>	<b>4,782</b>	<b>4,500</b>	<b>(29,296)</b>	<b>19,077</b>	<b>64,450</b>
<b>Balance as at 01.06.2016</b>	60,000	3,867	4,500	(29,296)	16,779	<b>55,850</b>
Profit (representing total other comprehensive income) for the financial period	-	-	-	-	1,413	<b>1,413</b>
Issue of shares pursuant to Rights Issue with Warrants	-	1,165	-	-	-	<b>1,165</b>
Share issue transaction costs	-	(250)	-	-	-	<b>(250)</b>
Total comprehensive income for the financial year	-	915	-	-	-	<b>915</b>
<b>Balance as at 31.7.2017</b>	<b>60,000</b>	<b>4,782</b>	<b>4,500</b>	<b>(29,296)</b>	<b>18,192</b>	<b>58,178</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 period ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial statements.*



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR 2<sup>nd</sup> QUARTER ENDED  
31 JANUARY 2018**

	<b>Current Period-To-Date 31.01.2018 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before tax	1,262
Adjustments:	
Amortisation and depreciation	2,504
Impairment loss on receivables	1,400
Interest expense	1,153
Operating profit before working capital changes	6,319
Decrease in inventories	10,501
Increase in receivables	(3,825)
Decrease in payables	(9,643)
Cash generated from operations	3,352
Tax paid	(120)
Net cash from operating activities	3,232
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	-
Issuance of shares	5,400
Investment in associated company	(390)
Purchase of plant, property and equipment	(1,119)
Net cash generated from investing activities	3,891
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Decrease in short-term borrowings	(6,759)
Interest paid	(1,153)
Purchase of treasury shares	(13)
Withdrawal of term deposits pledged as security	1,057
Repayment of hire purchase obligations	(417)
Repayment of term loan	(571)
Net cash used in financing activities	(7,856)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(733)</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>(2,542)</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>(3,275)</b>



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR 2<sup>nd</sup> QUARTER ENDED  
31 JANUARY 2018**

	<b>Current Period-To-Date Ended 31.01.2018 RM'000</b>
Fixed and short-term deposits with licensed banks	5,022
Cash and bank balances	1,923
Bank overdrafts	(5,198)
	<hr/> 1,747
Less: Fixed and short-term deposits with licensed banks pledged as security for credit facilities granted to the Group	(5,022)
	<hr/> <b>(3,275)</b> <hr/>

**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 JANUARY 2018**

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

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**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 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 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 except for the following:

- (i) On 22 December 2017 and 30 January 2018, the Company repurchased 28,000 of its own shares from the open market for an average price of RM0.46 per share. The repurchase transactions were financed by internally generated fund. The repurchase shares are held as treasury shares in accordance with the requirement of Section 127 of the Companies Act, 2016.
- (ii) On 11 January 2018, a total of 12,000,000 new Saudee shares were issued out pursuant to private placement at price of RM0.45 per share.

As of 31 January 2018, the total number of issued shares of the Company is 132,000,000 Ordinary Shares ("Shares"), inclusive of 28,000 Shares held as treasury shares. Hence, the number of outstanding Ordinary Shares in issue is 131,972,000 Shares. Shares repurchased were stated at cost.

**9. Dividend Paid**

There was no dividend paid in the current quarter.





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**10. Segment Reporting**

	<b>Cumulative period three months ended 31.01.2018 RM'000</b>
Segment revenue	
<b>Manufacture and sale of food products</b>	
Manufacturing	43,983
Trading	14,073
Total Revenue for the financial period	<u><b>58,056</b></u>
<b>For the financial period ended 31 January 2018</b>	<b>Manufacture and sale of food products RM'000</b>
Segment assets	112,064
Additions to non-current assets	(995)
Segment liabilities	47,614
Segment profit	885
Included in the measure of segment loss are:-	
Depreciation	(2,504)
Interest expense	(1,153)
Tax expense	<u>(377)</u>

**11. Events subsequent to the Balance Sheet date**

There were no events subsequent to the end of the financial period ended 31 January 2018 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**

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#### **1. Review of Performance**

The Group reported revenue of RM26.30 million in the current period. The profit before tax amounted to RM0.53 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 RM0.53 million in the current period as compared to profit before tax of RM0.73 million in the preceding quarter ended 31 October 2017.

#### **3. Prospects**

The financial year ending 31 July 2018 should reflect a more balanced focus on revenue growth, cost efficiency and cash generation.

In line with refined strategies, the Group has continued to scale down the “Low Profit Margin” products and continue its support on “Food Services” product lines. Further, more resources have been allocated to support and fast track our export market.

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

Not applicable.

#### **5. Taxation**

	<b>Current quarter 31.01.2018 RM'000</b>	<b>Period to date 31.01.2018 RM'000</b>
Current period		
Income tax	57	307
Deferred tax	-	70
	<b>57</b>	<b>377</b>

The income tax expense for period to date under review is higher than statutory tax rate due to non-deductible of certain expenses. The tax expense for current quarter is 10.8% which is lower than statutory rate mainly due to the utilised of capital allowances.



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## 6. Status of Corporate Proposal

We refer to the announcements dated 7 November and 27 November 2017, 7 December 2017, 12 December 2017, 4 January 2018 and 11 January 2018 and 19 January 2018:

- (i) The Proposed Private Placement was completed on 12 January 2018 with the issuance of 12,000,000 new Saudee Shares.
- (ii) On 19 January 2018, Saudee had submitted all necessary confirmation to Bursa Securities for the implementation of the ESOS as below:
  - a. Submission of the final copy of the bylaws of the Proposed ESOS to Bursa Securities together with the letter of compliance from Messrs. Zaid Ibrahim & Co. dated 19 January 2018, pursuant to Paragraph 2.12 of the Listing Requirements together with the appended checklist showing compliance with Appendix 6E of the Listing Requirements;
  - b. receipt of Bursa Securities' approval; and
  - c. procurement of shareholders' approval, which was obtained at Saudee's extraordinary general meeting held on 28 December 2017.

Gross proceeds of approximately RM5,400,000 was raised from the share issued pursuant to the Private Placement. As at 31 January 2018, the proceeds were used by the Group in the following manner:

<b>Purpose</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance RM'000</b>
Working capital	5,400	4,341	1,059
Total	<u>5,400</u>	<u>4,341</u>	<u>1,059</u>



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**7. Group Borrowings and Debt Securities**

The Group's borrowings as at 31 January 2018 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	5,198	-	5,198
Bankers' acceptances	21,243	-	21,243
Hire purchase payables	674	-	674
Term loan	603	576	1,179
	<u>27,718</u>	<u>576</u>	<u>28,294</u>
<b>Long term borrowings:-</b>			
Hire purchase payables	1,318	-	1,318
Term loan	5,835	1,359	7,194
	<u>7,153</u>	<u>1,359</u>	<u>8,512</u>
<b>Total</b>	<u><b>34,871</b></u>	<u><b>1,935</b></u>	<u><b>36,806</b></u>

**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.

	<b>Current quarter 31.01.2018</b>	<b>Period to date 31.01.2018</b>
Profit attributable to ordinary equity holders of the Company (RM'000)	471	885
Weighted average number of ordinary shares in issue ('000)	131,972	131,972
Basic earnings per Share (sen)	0.36	0.67

### 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:

	<b>As at 31.01.2018 RM'000</b>	<b>As at 31.7.2017 RM'000</b>
Total retained profits of the Company and its subsidiaries:-		
Realised	36,821	35,936
Unrealised	(148)	(148)
	36,673	35,788
Consolidation adjustments and eliminations	(17,596)	(17,596)
Total group retained profits as per consolidated financial statements	19,077	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.