



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 4th QUARTER ENDED 31 JULY 2018

	Current period Three months ended 31.07.2018 RM'000	Current Year to date 31.07.2018 RM'000
Revenue	13,010	89,219
Cost of sales	(13,910)	(74,292)
Gross (loss)/profit	(900)	14,927
Other operating income	792	1,991
Operating expenses	(5,324)	(18,906)
Finance costs	(573)	(2,260)
Share of Associate result, net of tax	15	(48)
Loss before taxation	(5,990)	(4,296)
Tax income	1,784	1,327
Loss net of taxation	(4,206)	(2,969)
Other comprehensive income for the financial period:		
- Revaluation increase in properties	200	200
- Deferred tax expense of revaluation increase	(48)	(48)
	152	152
Total comprehensive income for the financial period	(4,054)	(2,817)
Loss per share (Note B11)		
Basic (Sen)	(3.19)	(2.34)
Diluted (Sen)	(3.19)	(2.34)



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Note to Statement of Profit and Loss and Other Comprehensive Income

	Current period	Current
	Three months ended	Year to date
	31.07.2018	31.07.2018
	RM'000	RM'000
Allowance for slow moving inventories	(3,895)	(3,895)
Depreciation and amortisation	(1,179)	(4,647)
Impairment loss on loans and receivables	(1,611)	(3,011)
Forex loss - unrealised	57	57
Forex gain - realised	499	1,463
Gain on disposal of property, plant and equipment	96	96
Interest income	67	134
Interest expense	(571)	(2,260)
Reversal of impairment loss on loans and receivables	64	64
Share of Associate result, net of tax	15	(48)

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 JULY 2018

		UNAUDITED	AUDITED
		As at	As at
		31.07.2018	31.07.2017
	Note	RM'000	RM'000
Non-Current Assets			
Property, plant and equipment		43,603	41,731
Investment on associated company		342	-
Investment property		4,560	4,560
		48,505	46,291
Current Assets			
Inventories		33,732	37,814
Receivables, deposits and prepayments		19,435	29,806
Current tax assets		527	182
Cash and cash equivalents		6,144	8,240
		59,838	76,042
TOTAL ASSETS		108,343	122,333
EQUITY AND LIABILITIES			
Equity			
Share capital		65,511	60,000
Share option reserve		96	-
Treasury shares		(118)	-
Reserves		(4,639)	(1,822)
TOTAL EQUITY		60,850	58,178
Non-Current Liabilities			
Long-term bank borrowings	B7	7,626	9,424
Deferred taxation		1,221	2,910
		8,847	12,334
Current Liabilities			
Trade and other payables and accruals		8,242	16,966
Short-term bank borrowings	B7	30,404	34,634
Current tax liabilities		-	221
		38,646	51,821
TOTAL LIABILITIES		47,493	64,155
TOTAL EQUITY AND LIABILITIES		108,343	122,333
Net assets per ordinary share attributable to ordinary equity holder of the Company (RM)		0.46	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)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 4th QUARTER ENDED 31 JULY 2018

	Share Capital RM'000	Share option Reserve RM'000	Non Distributable Reserves			Distributable	Total RM'000
			Revaluation Reserve RM'000	Warrant Reserve RM'000	Merger Deficit RM'000	Retained Profits RM'000	
Balance as at 01.08.2017	60,000	-	4,782	4,500	(29,296)	18,192	58,178
Loss (representing total other comprehensive income) for the financial period	-	-	-	-	-	(2,969)	(2,969)
Issued of Share pursuant to private placement	5,336	-	-	-	-	-	5,336
Issued of Share pursuant to share option exercise	175	96	-	-	-	-	271
Purchase of treasury shares	(118)	-	-	-	-	-	(118)
Revaluation increase of properties	-	-	200	-	-	-	200
Deferred tax expense of revaluation increase	-	-	(48)	-	-	-	(48)
Other comprehensive income for the financial period	-	-	152	-	-	-	152
Balance as at 31.07.2018	65,393	96	4,934	4,500	(29,296)	15,223	60,850
Balance as at 01.06.2016	60,000	0	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	0	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**

Group Berhad

(Company No.: 838172-P)

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR 4th QUARTER ENDED 31 JULY 2018

	Current Period-To-Date 31.07.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation	(4,296)
Adjustments:	
Allowance for slow moving inventories	3,895
Amortisation and depreciation	4,647
Reversal of impairment loss on loans and receivables	(64)
Equity-settled share based payment	96
Gain on disposals of property, plant and equipment	(96)
Impairment loss on loans and receivables	3,011
Interest expense	2,260
Interest income	(134)
Share of associates' result, net of tax	48
Unrealised loss on Forex	57
Operating profit before working capital changes	9,424
Decrease in inventories	187
Decrease in receivables	7,286
Decrease in payables	(8,642)
Cash generated from operations	8,255
Tax paid	(975)
Net cash from operating activities	7,280
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	134
Investment in associated company	(390)
Proceeds from disposal of property, plant and equipment	96
Purchase of plant, property and equipment	(6,318)
Net cash used in investing activities	(6,478)
CASH FLOWS FROM FINANCING ACTIVITIES	
Share issue expenses paid	(64)
Decrease in borrowings	(4,992)
Drawn down of hire purchase obligations	121
Proceeds from issuance of shares pursuant to ESOS	175
Interest paid	(2,260)
Proceeds from issuance of shares pursuant to Private Placement	5,400
Purchase of treasury shares	(118)
Withdrawal of term deposits pledged as security	901
Repayment of hire purchase obligations	(636)
Repayment of term loan	(1,171)
Net cash used in financing activities	(2,644)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,842)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	(2,542)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	(4,384)



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR 4th QUARTER
ENDED 31 JULY 2018 (Cont')**

	Current Period-To-Date 31.07.2018 RM'000
Fixed and short-term deposits with licensed banks	5,226
Cash and bank balances	918
Bank overdrafts	(5,350)
	794
Less: Fixed and short-term deposits with licensed banks pledged as security for credit facilities granted to the Group	(5,178)
	(4,384)

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 JULY 2018**

**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 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. Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period to date except the followings:

- i. 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 shares.
- ii. The issuance of 405,900 new ordinary shares pursuant to exercise of ESOS at RM0.43 per share. The total cash proceeds arising from the exercise of ESOS amounted to RM174,537.
- iii. The Company bought back from the open market 267,000 ordinary shares of the Company at an average buy-back price of RM0.45 per share. The total consideration paid, including transaction costs, was RM118,276 and its was financed by internally generated funds, the repurchase shares are held as treasury shares in accordance with the requirement of Section 127 of the Companies Act, 2016.

As of 31 July 2018, the total number of issued shares of the Company is 132,405,900 Ordinary Shares ("Shares"), inclusive of 267,000 Shares held as treasury shares. Hence, the number of outstanding Ordinary Shares in issue is 131,733,000 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

	Current Year to date 31.07.2018 RM'000
Segment revenue	
Manufacture and sale of food products	
Manufacturing	68,676
Trading	20,543
Total Revenue for the financial year	89,219

For the financial year ended 31 July 2018

	Manufacture and sale of food products RM'000
Segment assets	108,343
Additions to non-current assets	2,214
Segment liabilities	47,493
Segment loss	(2,969)
Included in the measure of segment loss are:-	
Allowance for slow moving inventories	(3,895)
Depreciation	(4,647)
Gain on disposal of property, plant and equipment	96
Impairment loss on loans and receivables	(3,011)
Interest expense	(2,260)
Interest income	134
Reversal of impairment loss on loans and receivables	64
Tax income	1,327



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11. Events subsequent to the Balance Sheet date

There were no events subsequent to the end of the financial year ended 31 July 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.

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 RM89.22 million in the year to-date and loss before tax amounted to RM4.3 million respectively.

The loss before tax mainly due to the following reasons:

- a) Allowance for slow moving inventories amounted to RM3.9 million contributed from packaging material, slow moving products. This allowance been made due to prudent approach performed by management on continued to scale down the “Low Profit Margin” and non-performing products.
- b) Impairment loss on receivables amount to RM3.01 million due to long outstanding receivables that the collection via instalment period is more than 2 years.

The current year to date operation profit is RM2.61 million before taken up the above allowances and impairment amount to RM6.91 million that not involve in cash movement.

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 loss before tax of RM6.00 million in the current period as compared to profit before tax of RM0.43 million in the preceding quarter ended 30 April 2018. The loss was due to the reason mentioned in Part B (1) (a) and (b).

3. Prospects

The financial year ending 31 July 2019 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.



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5. Taxation

	Current quarter 31.07.2018 RM'000	Current Year to date 31.07.2018 RM'000
Current period		
Income tax	(22)	(409)
Deferred tax	1,806	1,736
	1,784	1,327

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. (“**Announcements**”).

- (i) The completion of the Proposed Private Placement and a total of 12,000,000 new Saudee Shares were placed out pursuant to the Proposed Private Placement.
- (ii) The issuance of 405,900 new ordinary shares pursuant to exercise of ESOS at RM0.43 per share.

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

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
Working capital	5,400	5,400	-
Total	5,400	5,400	-



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7. Group Borrowings and Debt Securities

The Group's borrowings as at 31 July 2018 are as follows: -

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short term borrowings:-			
Bank overdrafts	5,350	-	5,350
Bankers' acceptances	23,010	-	23,010
Hire purchase payables	869		869
Term loan	599	576	1,175
	<u>29,828</u>	<u>576</u>	<u>30,404</u>
Long term borrowings:-			
Hire purchase payables	1,028	-	1,028
Term loan	5,239	1,359	6,598
	<u>6,267</u>	<u>1,359</u>	<u>7,626</u>
Total	<u>36,095</u>	<u>1,935</u>	<u>38,030</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. Loss 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 year to-date by the number of ordinary shares in issue during the current financial period and current financial year under review.

	Current quarter 31.07.2018	Current Year to date 31.07.2018
Loss attributable to ordinary equity holders of the Company (RM'000)	(4,206)	(2,969)
Weighted average number of ordinary shares in issue ('000)	131,854	126,988
Basic loss per Share (sen)	(3.19)	(2.34)

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.



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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 31.07.2018 RM'000	As at 31.7.2017 RM'000
Total retained profits of the Company and its subsidiaries:-		
Realised	31,391	35,936
Unrealised	(148)	(148)
	<hr/> 31,243	<hr/> 35,788
Consolidation adjustments and eliminations	(16,020)	(17,596)
	<hr/>	<hr/>
Total group retained profits as per consolidated financial statements	15,223	18,192
	<hr/>	<hr/>

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 Berhad 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.