



**SAUDEE**  
Group Berhad

(Company No.: 838172-P)

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 APRIL 2019**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30.4.2019	30.4.2018	30.4.2019	30.4.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	19,326	18,153	59,489	76,209
Cost of sales	(14,682)	(14,196)	(46,362)	(60,382)
Gross profit	4,644	3,957	13,127	15,827
Other operating income	778	533	1,498	1,199
Operating expenses	(4,632)	(3,461)	(11,649)	(13,582)
Finance costs	(532)	(536)	(1,592)	(1,689)
Share of results of an associate	(44)	(63)	(12)	(63)
Profit before tax	214	430	1,372	1,692
Tax income/(expense)	149	(80)	(273)	(457)
Net profit for the financial period	<b>363</b>	<b>350</b>	<b>1,099</b>	<b>1,235</b>
Other comprehensive income for the financial period	-	-	-	-
Total comprehensive income for the financial period	<b>363</b>	<b>350</b>	<b>1,099</b>	<b>1,235</b>
Earnings per share (Note B11)				
Basic (Sen)	0.27	0.27	0.83	0.94
Diluted (Sen)	0.27	0.27	0.83	0.94



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**Notes to Statement of Comprehensive Income**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 30.4.2019 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.4.2018 RM'000</b>	<b>Current Year-To-Date 30.4.2019 RM'000</b>	<b>Preceding Year Corresponding Period 30.4.2018 RM'000</b>
Depreciation and amortisation	(1,299)	( 964)	(3,973)	(3,468)
Forex gain	398	451	927	964
Gain on disposal of property, plant and equipment	120	-	163	-
Impairment loss on receivable	(16)	-	(16)	(1,400)
Interest expense	(532)	(536)	(1,592)	(1,689)
Interest income	38	67	105	67
Reversal of impairment loss on receivable	13	-	48	-

**Notes:**

*The Unaudited 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 July 2018 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.



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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2019**

		<b>UNAUDITED</b>	<b>AUDITED</b>
		<b>As at</b>	<b>As at</b>
		<b>30.4.2019</b>	<b>31.07.2018</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		39,641	43,602
Investment property		4,560	4,560
Investment in associate		304	316
		<b>44,505</b>	<b>48,478</b>
<b>Current Assets</b>			
Inventories		39,093	33,732
Receivables, deposits and prepayments		19,138	21,970
Current tax assets		667	525
Cash and cash equivalents		5,098	6,144
		<b>63,996</b>	<b>62,371</b>
<b>TOTAL ASSETS</b>		<b>108,501</b>	<b>110,849</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		65,607	65,607
Treasury share		(118)	(118)
Reserves		(2,965)	(4,064)
<b>TOTAL EQUITY</b>		<b>62,524</b>	<b>61,425</b>
<b>Non-Current Liabilities</b>			
Long-term bank borrowings	B7	6,320	7,680
Deferred taxation		665	665
		<b>6,985</b>	<b>8,345</b>
<b>Current Liabilities</b>			
Trade and other payables and accruals		11,554	11,198
Short-term bank borrowings	B7	27,438	29,881
		<b>38,992</b>	<b>41,079</b>
<b>TOTAL LIABILITIES</b>		<b>45,977</b>	<b>49,424</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>108,501</b>	<b>110,849</b>
Net assets per ordinary share attributable to ordinary equity holder of the Company (RM)		0.47	0.46

**Notes:**

*The Unaudited 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 July 2018 and the accompanying explanatory notes attached to the interim financial statements.*



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 APRIL 2019**

	Share Capital RM'000	Treasury Shares 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 1.08.2018</b>	65,607	(118)	3,658	4,500	(29,296)	17,074	<b>61,425</b>
Profit (representing total other comprehensive income) for the financial period	-	-	-	-	-	1,099	<b>1,099</b>
<b>Balance as at 30.4.2019</b>	<b>65,607</b>	<b>(118)</b>	<b>3,658</b>	<b>4,500</b>	<b>(29,296)</b>	<b>18,173</b>	<b>62,524</b>
<b>Balance as at 01.08.2017</b>	60,000	-	3,126	4,500	(29,296)	19,848	58,178
Profit (representing total other comprehensive income) for the financial period	-	-	-	-	-	1,235	1,235
Issued of share pursuant to private placement	5,400	-	-	-	-	-	5,400
Purchase of treasury shares	-	(118)	-	-	-	-	(118)
Total transactions with owners of the Company	5,400	(118)	-	-	-	-	5,282
<b>Balance as at 30.4.2018</b>	<b>65,400</b>	<b>(118)</b>	<b>3,126</b>	<b>4,500</b>	<b>(29,296)</b>	<b>21,083</b>	<b>64,695</b>

**Notes:**

*The Unaudited 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 July 2018 and the accompanying explanatory notes attached to the interim financial statements.*



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED 30 APRIL 2019**

	<b>Current Year-To-Date 30.4.2019 RM'000</b>	<b>Preceding Year Corresponding 30.4.2018 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,372	1,692
Adjustments:		
Amortisation and depreciation	3,973	3,468
Gain on disposal of property, plant and equipment	(163)	-
Impairment loss on receivables	16	1,400
Interest expense	1,592	1,689
Interest income	(105)	(67)
Share of results of an associate	12	63
Reversal of impairment loss on receivables	(48)	-
Unrealised gain on foreign exchange	(60)	-
Operating profit before working capital changes	6,589	8,245
(Increase)/Decrease in inventories	(5,361)	6,218
Decrease/(Increase) in receivables	2,864	(2,197)
Increase/(Decrease) in payables	416	(6,355)
Cash generated from operations	4,508	5,911
Tax paid	(415)	(630)
Net cash from operating activities	4,093	5,281
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in an associate	-	(390)
Interest received	105	67
Proceeds from disposal of property, plant and equipment	167	-
Purchase of plant, property and equipment	(16)	(3,354)
Net cash from/(used in) investing activities	256	(3,677)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	(2,649)	(5,903)
Interest paid	(1,592)	(1,689)
Issuance of shares	-	5,400
Withdrawal of term deposits pledged as security	800	984
Purchase of treasury shares	-	(118)
Repayment of hire purchase obligations	(569)	(488)
Repayment of term loan	(853)	(880)
Net cash used in financing activities	(4,863)	(2,694)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(514)</b>	<b>(1,090)</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>(3,965)</b>	<b>(2,542)</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>(4,479)</b>	<b>(3,632)</b>



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED 30 APRIL 2019**

	<b>Current Year-To-Date Ended 30.4.2019 RM'000</b>	<b>Preceding Year Corresponding Period Ended 30.4.2018 RM'000</b>
Fixed and short-term deposits with licensed banks	4,426	5,095
Cash and bank balances	672	1,941
Bank overdrafts	(5,151)	(5,573)
	(53)	1,463
Less: Fixed and short-term deposits with licensed banks pledged as security for credit facilities granted to the Group	(4,426)	(5,095)
	<b>(4,479)</b>	<b>(3,632)</b>

**Notes:**

*The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 July 2018 and the accompanying explanatory notes attached to the interim financial statements.*



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED  
30 APRIL 2019**

**PART A – SELECTED EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL  
REPORTING STANDARDS (“MFRS”) 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 Malaysian Financial Reporting Standard (“MFRS”) 134 - Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Group adopted the Malaysian Financial Reporting Standards (“MFRS”) on 1 August 2018 with a transition date of 1 August 2018. This is the Group's first MFRS compliant interim financial report for the year ending 31 July 2019, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

The condensed consolidated interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 July 2018 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 accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 July 2018, except for the adoption of new MFRSs which are effective for financial period beginning on or after 1 January 2018. The adoption of new MFRSs did not result in any significant changes in the accounting policies of the Group.

**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 July 2018 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**

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



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**8. Dividend Paid**

There was no dividend paid in the current quarter.

**9. Segment Reporting**

	<b>Current Year-To-Date 30.4.2019 RM'000</b>	<b>Preceding Year Corresponding Period 30.4.2018 RM'000</b>
Segment revenue		
<b>Manufacture and sale of food products</b>		
Manufacturing	44,285	57,274
Trading	14,721	18,935
	59,006	76,209
<b>Property Development</b>	483	-
Total Revenue for the financial period	<b>59,489</b>	<b>76,209</b>

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

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

There were no events subsequent to the end of the financial period ended 30 April 2019 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 from 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 ("Claim 1").

PSSB has submitted an appeal letter on 31 October 2017 for the cancellation of Claim 1 to Customs Department based on the lab test concluded by PSSB which supports that the requirement to be classified as "air-tight" container under the Customs Duties Order 2017 is not met. However Customs Department rejected the appeal of Claim 1 and instructed PSSB to make the payment. PSSB has complied with the instructions of Customs Department without prejudice and made the 10% upfront payment amounting to RM165,760 and the remaining balance shall be based on the instalment payments for 36 months approved by Customs Department.

PSSB is in the process of submitting an appeal letter on remission of sales tax and penalty as per claim 1 to the Ministry of Finance on the basis of PSSB has submitted for cancellation of sales tax license in 2002 due to the information received from Customs Department that sales tax is not applicable and Customs Department has accepted the cancellation; and

Based on advice of the consultant, the directors are of the view that PSSB has good chance of success in the appeal for the remission, accordingly, no provision has been recognised in the financial statements.





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**12. Contingent liabilities or contingent assets (cont'd)**

- (ii) Letter of Claim dated 25 February 2015 for sales tax amounting RM6,154,017.63 covering period from 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 submitted an appeal letter on 31 October 2017 for the cancellation of Claim 2 to Customs Department based on the lab test concluded by PSSB which supports that the requirement to be classified as "air-tight" container under the Customs Duties Order 2017 is not met.

Further to the appeal, Customs Department has approved and agreed to withdraw Claim 2 with effect from 27 July 2018 vide their letter dated 9 October 2018.

The Group does not have any material contingent assets since the last audited financial statements for the financial year ended 31 July 2018.

**13. Capital Commitments**

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

**14. Financial Instruments**

**Derivatives**

There were no outstanding derivatives as at 30 April 2019.

**Fair Value Changes of Financial Liabilities**

The Group does not remeasure its financial liabilities at fair value after the initial recognition.

**Fair Value**

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

As at end of the current quarter under review, the carrying amounts of receivables, cash and cash equivalents and payables which are short-term in nature or repayable on demand are reasonable approximations of fair values.

There were no transfers between levels of fair value hierarchy during the current quarter under review.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2019**

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

**1. Review of Performance**

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30.4.2019 RM'000	Preceding Year Corresponding Quarter 30.4.2018 RM'000	Changes (Amount) RM'000	Current Year-To-Date 30.4.2019 RM'000	Preceding Year Corresponding Period 30.4.2018 RM'000	Changes (Amount) RM'000
Revenue – Manufacturing (FPP)	13,731	13,291	440	44,285	57,274	(12,989)
Revenue - Trading	5,112	4,862	250	14,721	18,935	(4,214)
	<u>18,843</u>	<u>18,153</u>		<u>59,006</u>	<u>76,209</u>	
Revenue – Property Development	483	-	483	483	-	483
Total Revenue	<u>19,326</u>	<u>18,153</u>	<u>1,173</u>	<u>59,489</u>	<u>76,209</u>	<u>(16,720)</u>
Profit Before Interest and Tax	708	899	(191)	2,859	3,314	(455)
Profit before Tax	214	430	(216)	1,372	1,692	(320)
Profit After Tax	363	350	13	1,099	1,235	(136)

The Group recorded profit before tax of RM0.21 million in current quarter, a decrease of RM0.22 million as compared to preceding year corresponding quarter. The decrease in profit before tax was due to the increase in operating expenses such as provision of bonus for the quarter under review. However the impact has been mitigated by one off revenue and profit from property development sector of RM0.48 million.

On year to date basis, cumulative revenue for the financial period ended 30 April 2019 decreased by RM16.72 million to RM59.49 million as compared to its corresponding cumulative period ended 30 April 2018. The reduction in revenue mainly due to the drop of sale of low margin manufacturing products and trading sales. Cumulative profit before tax for the financial period ended 30 April 2019 was RM1.10 million, a decrease of RM0.14 million.

However, the impact of decrease in revenue toward performance of the Group have been mitigated by the following reasons:

- i) increase in gross profit margin due to change of product mix, increase the sales of those high margin products and reduce in trading business i.e. those with low margin products; and
- ii) reduce in operating expenses such as logistic and handling cost due to reducing in trading business.
- iii) one off revenue and profit from property development sector of RM0.48 million.



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

	<b>Current Quarter ended 30.4.2019 RM'000</b>	<b>Preceding Quarter ended 31.1.2019 RM'000</b>	<b>Variance RM'000</b>
Revenue – Manufacturing (FPP)	13,731	15,836	(2,105)
Revenue – Trading	5,112	5,001	111
Revenue – Property Development	483	-	483
Total revenue	<u>19,326</u>	<u>20,837</u>	<u>(1,511)</u>
Profit Before Interest and Tax	708	1,094	(386)
Profit before Tax	214	605	(391)
Profit After Tax	<u>363</u>	<u>360</u>	<u>3</u>

The revenue for the current quarter ended 30 April 2019 was RM1.5 million lower than preceding quarter. The decrease in revenue mainly due to long break for Chinese New year during the quarter under review.

The Group recorded profit before tax of RM0.21 million during the quarter ended 30 April 2019, decrease by RM0.39 million as compared to preceding quarter ended 31 January 2019.

The lower profit for this quarter was due to increase in operating expenses such as provision of bonus nevertheless the result was mitigated by one off revenue and profit from property development sector of RM0.48 million.

**3. Prospects**

The financial year ending 31 July 2019 for the remaining quarter 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” products.

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

Not applicable.



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**5. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year 30.4.2019 RM'000	Preceding Year Corresponding Quarter 30.4.2018 RM'000	Current Year-To- Date 30.4.2019 RM'000	Preceding Year Corresponding Period 30.4.2018 RM'000
Current year				
Income tax	(4)	90	273	397
Deferred tax	(145)	(10)	-	60
	<b>(149)</b>	<b>80</b>	<b>273</b>	<b>457</b>

The tax expense for the quarter and year under review was lower than 24% due to utilisation of tax losses by a subsidiary.

**6. Status of Corporate Proposals**

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

**7. Group Borrowings and Debt Securities**

The Group's borrowings as at 30 April 2019 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short term borrowings:-</b>			
Bank overdrafts	5,151	-	5,151
Bankers' acceptances	20,361	-	20,361
Hire purchase payables	623	-	623
Term loan	623	680	1,303
	<b>26,758</b>	<b>680</b>	<b>27,438</b>
<b>Long term borrowings:-</b>			
Hire purchase payables	704	-	704
Term loan	5,465	151	5,616
	<b>6,169</b>	<b>151</b>	<b>6,320</b>
<b>Total</b>	<b>32,927</b>	<b>831</b>	<b>33,758</b>

**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 quarter 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 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 Quarter	
	Current	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year	Corresponding
	30.4.2019	Quarter	30.4.2019	Period
	30.4.2018	30.4.2018	30.4.2018	30.4.2018
Profit attributable to ordinary equity holders of the Company (RM'000)	363	350	1,099	1,235
Weighted average number of ordinary shares in issue ('000)	132,139	131,733	132,139	131,733
Basic earnings per Share (cent)	0.27	0.27	0.83	0.94

### Diluted

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

## 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.