



**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 FIRST QUARTER ENDED 31 OCTOBER 2019**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.10.2019 RM'000	Preceding Year Corresponding Quarter 31.10.2018 RM'000	Current Year-To-Date 31.10.2019 RM'000	Preceding Year Corresponding Period 31.10.2018 RM'000
Revenue	18,678	19,326	18,678	19,326
Cost of sales	(14,861)	(15,777)	(14,861)	(15,777)
Gross profit	3,817	3,549	3,817	3,549
Other operating income	57	544	57	544
Operating expenses	(3,017)	(3,026)	(3,017)	(3,026)
Finance costs	(487)	(546)	(487)	(546)
Share of results of an associate	-	32	-	32
Profit before tax	370	553	370	553
Tax expense	(143)	(177)	(143)	(177)
Net profit for the financial period	<b>227</b>	<b>376</b>	<b>227</b>	<b>376</b>
Other comprehensive income for the financial period	-	-	-	-
Total comprehensive income for the financial period	<b>227</b>	<b>376</b>	<b>227</b>	<b>376</b>
Earnings per share (Note B11)				
Basic (Sen)	0.17	0.28	0.17	0.28
Diluted (Sen)	0.17	0.28	0.17	0.28



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**Notes to Statement of Comprehensive Income**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 31.10.2019 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.10.2018 RM'000</b>	<b>Current Year-To-Date 31.10.2019 RM'000</b>	<b>Preceding Year Corresponding Period 31.10.2018 RM'000</b>
Depreciation and amortisation	(1,238)	( 1,353)	(1,238)	( 1,353)
Forex (loss)/gain	(33)	432	(33)	432
Gain on disposal of property, plant and equipment	-	43	-	43
Interest expense	(487)	(546)	(487)	(546)
Interest income	18	42	18	42

**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 2019 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.



**SAUDEE**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2019**

		UNAUDITED	AUDITED
		As at	As at
		31.10.2019	31.07.2019
		RM'000	RM'000
	Note		
<b>Non-Current Assets</b>			
Property, plant and equipment		37,143	38,381
Investment property		4,780	4,780
Investment in associate		337	337
Deferred taxation		2,440	2,583
		44,700	46,081
<b>Current Assets</b>			
Inventories		32,388	32,434
Receivables, deposits and prepayments		17,251	16,057
Current tax assets		989	815
Cash and cash equivalents		4,874	5,688
		55,502	54,994
<b>TOTAL ASSETS</b>		<b>100,202</b>	<b>101,075</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		66,926	66,926
Treasury share		(118)	(118)
Reserves		(9,219)	(9,446)
<b>TOTAL EQUITY</b>		<b>57,589</b>	<b>57,362</b>
<b>Non-Current Liabilities</b>			
Long-term bank borrowings	B7	5,483	5,945
Deferred taxation		1,220	1,220
		6,703	7,165
<b>Current Liabilities</b>			
Trade and other payables and accruals		12,742	13,147
Short-term bank borrowings	B7	23,168	23,401
		35,910	36,548
<b>TOTAL LIABILITIES</b>		<b>42,613</b>	<b>43,713</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>100,202</b>	<b>101,075</b>
Net assets per ordinary share attributable to ordinary equity holder of the Company (RM)		0.42	0.42

**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 2019 and the accompanying explanatory notes attached to the interim financial statements.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED  
31 OCTOBER 2019**

	<b>Share Capital RM'000</b>	<b>Treasury Shares 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 1.08.2019</b>	66,926	(118)	2,637	4,500	(29,296)	12,713	<b>57,362</b>
Profit (representing total other comprehensive income) for the financial period						227	<b>227</b>
<b>Balance as at 31.10.2019</b>	<b>66,926</b>	<b>(118)</b>	<b>2,637</b>	<b>4,500</b>	<b>(29,296)</b>	<b>12,940</b>	<b>57,589</b>
<b>Balance as at 1.08.2018</b>	65,607	(118)	3,658	4,500	(29,296)	12,118	<b>56,469</b>
Profit (representing total other comprehensive income) for the financial period	-	-	-	-	-	376	<b>376</b>
<b>Balance as at 31.10.2018</b>	<b>65,607</b>	<b>(118)</b>	<b>3,658</b>	<b>4,500</b>	<b>(29,296)</b>	<b>12,494</b>	<b>56,845</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 2019 and the accompanying explanatory notes attached to the interim financial statements.*



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2019**

	<b>Current Year-To-Date 31.10.2019 RM'000</b>	<b>Preceding Year Corresponding 31.10.2018 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	370	553
Adjustments:		
Amortisation and depreciation	1,238	1,353
Gain on disposal of property, plant and equipment	-	(43)
Interest expense	487	546
Interest income	(18)	(42)
Share of results of an associate	-	(32)
Unrealised (gain)/loss on foreign exchange	-	(125)
Operating profit before working capital changes	2,077	2,210
Decrease/(Increase) in inventories	46	(89)
(Increase)/Decrease in receivables	(1,194)	2,511
Decrease in payables	(405)	(2,303)
Cash generated from operations	524	2,329
Tax paid	(174)	(231)
Net cash from operating activities	350	2,098
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	18	42
Proceeds from disposal of property, plant and equipment	-	43
Net cash from investing activities	18	85
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	(643)	(2,731)
Interest paid	(487)	(546)
Placement of term deposits pledged as security	(106)	(118)
Repayment of hire purchase obligations	(132)	(198)
Repayment of term loan	(330)	(307)
Net cash used in financing activities	(1,698)	(3,900)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,330)</b>	<b>(1,717)</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>(2,625)</b>	<b>(3,965)</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>(3,955)</b>	<b>(5,682)</b>



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED 31 OCTOBER 2019**

	<b>Current Year-To-Date Ended 31.10.2019 RM'000</b>	<b>Preceding Year Corresponding Period Ended 31.10.2018 RM'000</b>
Fixed and short-term deposits with licensed banks	4,682	5,344
Cash and bank balances	192	591
Bank overdrafts	(4,147)	(6,273)
	727	(338)
Less: Fixed and short-term deposits with licensed banks pledged as security for credit facilities granted to the Group	(4,682)	(5,344)
	<b>(3,955)</b>	<b>(5,682)</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 2019 and the accompanying explanatory notes attached to the interim financial statements.*



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 OCTOBER 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 condensed consolidated interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 July 2019 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 significant accounting policies, methods of computation and basis of consolidation adopted by the Group for the preparation of the interim financial report are consistent with those adopted in the annual audited financial statements for the year ended 31 July 2019. The Group also applied the standards, IC Interpretations and amendment to standard that have been issued by the Malaysian Accounting Standards Board (“MASB”) with effective date for annual period beginning on or after 1 January 2019. Initial application of the standards is not expected to have any material impacts to the financial statements 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 2019 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.

**8. Dividend Paid**

There was no dividend paid in the current quarter.



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### **9. Segment Reporting**

	<b>Current Year-To-Date 31.10.2019 RM'000</b>	<b>Preceding Year Corresponding Period 31.10.2018 RM'000</b>
Segment revenue		
<b>Manufacture and sale of food products</b>		
Manufacturing – FPP	12,823	13,269
Manufacturing – HORECA and OEM	3,773	3,109
Trading	2,082	2,948
Total Revenue for the financial period	<b>18,678</b>	<b>19,326</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 31 October 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 a Letter of Claim 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:-

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 ("the Claim").

PSSB has submitted an appeal letter on 31 October 2017 for the cancellation of the Claim 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 the Claim 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 the claim 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.

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.

The Group does not have any material contingent assets since the last audited financial statements for the financial year ended 31 July 2019.





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**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 31 October 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 FIRST QUARTER ENDED 31 OCTOBER 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 31.10.2019 RM'000	Preceding Year Corresponding Quarter 31.10.2018 RM'000	Changes (Amount) RM'000	Current Year-To-Date 31.10.2019 RM'000	Preceding Year Corresponding Period 31.10.2018 RM'000	Changes (Amount) RM'000
Revenue – Manufacturing (FPP)	12,823	13,269	(446)	12,823	13,269	(446)
Revenue – Manufacturing (HORECA and OEM)	3,773	3,109	664	3,773	3,109	664
Revenue – Trading	2,082	2,948	(866)	2,082	2,948	(866)
Total Revenue	18,678	19,326	(648)	18,678	19,326	(648)
Profit Before Interest and Tax	839	1,057	(218)	839	1,057	(218)
Profit Before Tax	370	553	(183)	370	553	(183)
Profit After Tax	227	376	(149)	227	376	(149)

Revenue for the quarter under review decreased by RM0.65 million to RM18.68 million as compared to its preceding year corresponding quarter of RM19.33 million. The reduction in revenue were mainly due to the following reasons:-

- i) reduction of the sales of low margin FPP
- ii) reduction in low margin trading items.

Nevertheless, the increase in sales of HORECA and OEM segment as new products have been developed had mitigated the decrease of revenue.

The Group recorded profit before tax of RM0.37 million in current quarter, a reduction of RM0.18 million as compared to preceding year corresponding quarter. The reduction was due to forex loss of RM0.03 million instead of forex gain of RM 0.43 million. Nevertheless, the improvement in gross profit margin had mitigated the reduction in profit before tax.



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

	<b>Current Quarter ended 31.10.2019 RM'000</b>	<b>Preceding Quarter ended 30.7.2019 RM'000</b>	<b>Variance RM'000</b>
Revenue – Manufacturing (FPP)	12,823	15,102	(2,279)
Revenue – Manufacturing (HORECA and OEM)	3,773	2,477	1,296
Revenue – Trading	2,082	2,423	(341)
Total revenue	<u>18,678</u>	<u>20,002</u>	<u>(1,324)</u>
Profit/(Loss) Before Interest and Tax	839	(3,305)	4,144
Profit/(Loss) Before Tax	370	(3,782)	4,152
Profit/(Loss) After Tax	<u>227</u>	<u>(646)</u>	<u>873</u>

The revenue for the current quarter ended 31 October 2019 was RM1.32 million lower than preceding quarter ended 31 July 2019. The reduction in revenue were mainly due to the following reasons:-

- i) reduction in the sales of low margin FPP
- ii) reduction in low margin trading items.

Nevertheless, the increase in sales of HORECAOEM segment as new products have been developed had mitigated the decrease in revenue.

The Group recorded profit before tax of RM0.84 million during the quarter ended 31 October 2019 under review, increased by RM4.15 million as compared to preceding quarter ended 31 July 2019.

The increase on performance were mainly due to the following:-

- i) write down of inventories of RM4 million for preceding quarter ended 31 July 2019
- ii) higher production cost which was mainly due to rework of slow moving trading goods and low margin product for preceding quarter ended 31 July 2019.

### **3. Prospects**

The financial year ending 31 July 2020 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 HORECA and OEM products.

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

Not applicable.



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### 5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.10.2019 RM'000	Preceding Year Corresponding Quarter 31.10.2018 RM'000	Current Year-To- Date 31.10.2019 RM'000	Preceding Year Corresponding Period 31.10.2018 RM'000
Current year				
Income tax	-	111	-	111
Deferred tax	143	66	143	66
	<b>143</b>	<b>177</b>	<b>143</b>	<b>177</b>

The tax expense for the quarter under review is higher than 24% due to certain expenses are not tax deductible.

### 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 31 October 2019 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short term borrowings:-</b>			
Bank overdrafts	4,147	-	4,147
Bankers' acceptances	17,199	-	17,199
Hire purchase payables	517	-	517
Term loan	821	484	1,305
	<b>22,684</b>	<b>484</b>	<b>23,168</b>
<b>Long term borrowings:-</b>			
Hire purchase payables	526	-	526
Term loan	4,957	-	4,957
	<b>5,483</b>	<b>-</b>	<b>5,483</b>
<b>Total</b>	<b>28,167</b>	<b>484</b>	<b>28,651</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.



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## 10. Proposed Dividend

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

## 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 Quarter 31.10.2019	Preceding Year Corresponding Quarter 31.10.2018	Current Year 31.10.2019	Preceding Year Corresponding Period 31.10.2018
Profit attributable to ordinary equity holders of the Company (RM'000)	227	376	227	376
Weighted average number of ordinary shares in issue ('000)	137,049	132,139	137,049	132,139
Basic earnings per Share (sen)	0.17	0.28	0.17	0.28

### 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.