



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 FOURTH QUARTER ENDED 31 JULY 2020

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|--|
| | Current Year Quarter 31.7.2020 RM'000 | Preceding Year Corresponding Quarter 31.7.2019 RM'000 | Current Year-To-Date 31.7.2020 RM'000 | Preceding Year Corresponding Period 31.7.2019 RM'000 |
| Revenue | 20,898 | 18,622 | 78,511 | 78,111 |
| Cost of sales | (18,251) | (24,571) | (91,192) | (70,933) |
| Gross (loss)/profit | 2,647 | (5,949) | (12,681) | 7,178 |
| Other operating income | 429 | 4,921 | 1,084 | 6,419 |
| Operating expenses | (3,064) | (2,259) | (14,703) | (13,908) |
| Finance costs | (287) | (528) | (1,632) | (2,120) |
| Share of results of an associate | (3) | 33 | (74) | 21 |
| (Loss)/Profit before tax | (278) | (3,782) | (28,006) | (2,410) |
| Tax (expense)/income | (2,549) | 3,136 | (2,605) | 2,863 |
| Net (loss)/profit for the financial period | (2,827) | (646) | (30,611) | 453 |
| Other comprehensive income for the financial period | | | | |
| Transfer of revaluation surplus to retained profits | (71) | (142) | (71) | (142) |
| Realisation of revaluation surplus upon depreciation | 71 | 142 | 71 | 142 |
| Revaluation surplus in relation to revalued of leasehold land | 741 | - | 741 | - |
| Deferred tax impact on revaluation surplus | (178) | (878) | (178) | (878) |
| | 563 | (878) | 563 | (878) |
| Total comprehensive income for the financial period | (2,264) | (1524) | (30,048) | (425) |
| (Loss)/Earnings per share (Note B11) | | | | |
| Basic (Sen) | (1.93) | (0.48) | (21.96) | 0.34 |
| Diluted (Sen) | (1.93) | (0.48) | (21.96) | 0.34 |



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Notes to Statement of Comprehensive Income

| | Individual Quarter | | Cumulative Quarter | |
|--|--|---|--|--|
| | Current Year Quarter 31.7.2020 RM'000 | Preceding Year Corresponding Quarter 31.7.2019 RM'000 | Current Year-To-Date 31.7.2020 RM'000 | Preceding Year Corresponding Period 31.7.2019 RM'000 |
| Allowance for impairment loss on receivables | (67) | - | (2,961) | - |
| Allowance for slow moving inventories | (50) | - | (50) | - |
| Depreciation and amortisation | (1,075) | (1,728) | (4,763) | (5,251) |
| Depreciation of right of use assets | (105) | - | (105) | - |
| Share options granted under ESOS | (522) | (18) | (522) | (18) |
| Forex gain/(loss) | 16 | - | (80) | 908 |
| Gain on fair value adjustment of investment properties | 102 | 220 | 102 | 220 |
| Gain on disposal of property, plant and equipment | - | - | 339 | 163 |
| Gain on disposal of subsidiaries | - | 2,187 | - | 2,187 |
| Interest expense related to lease liability | (12) | - | (12) | - |
| Interest expense | (275) | (528) | (1,620) | (2,120) |
| Interest income | 79 | 51 | 146 | 156 |
| Inventories written down | - | (1,507) | (21,125) | (1,507) |
| Reversal of inventories written down | - | 411 | - | 411 |
| Reversal of impairment loss on receivables | 162 | 1,956 | 225 | 2,004 |

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 JULY 2020

| | | UNAUDITED | AUDITED |
|--|-------------|------------------|-------------------|
| | | As at | As at |
| | | 31.7.2020 | 31.07.2019 |
| | | RM'000 | RM'000 |
| | Note | | |
| Non-Current Assets | | | |
| Property, plant and equipment | | 35,246 | 38,381 |
| Investment property | | 4,882 | 4,780 |
| Investment in associate | | 263 | 337 |
| Right of use assets | | 186 | - |
| Deferred taxation | | - | 2,583 |
| | | 40,577 | 46,081 |
| Current Assets | | | |
| Inventories | | 10,020 | 32,434 |
| Receivables, deposits and prepayments | | 17,571 | 16,057 |
| Current tax assets | | 636 | 815 |
| Cash and cash equivalents | | 6,889 | 5,688 |
| | | 35,116 | 54,994 |
| TOTAL ASSETS | | 75,693 | 101,075 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 68,660 | 66,926 |
| Treasury share | | (118) | (118) |
| Reserves | | (39,494) | (9,446) |
| TOTAL EQUITY | | 29,048 | 57,362 |
| Non-Current Liabilities | | | |
| Long-term bank borrowings | B7 | 6,174 | 5,945 |
| Lease liability | | 59 | - |
| Deferred taxation | | 1,420 | 1,220 |
| | | 7,653 | 7,165 |
| Current Liabilities | | | |
| Trade and other payables and accruals | | 17,414 | 13,147 |
| Lease liability | | 131 | - |
| Short-term bank borrowings | B7 | 21,447 | 23,401 |
| | | 38,992 | 36,548 |
| TOTAL LIABILITIES | | 46,645 | 43,713 |
| TOTAL EQUITY AND LIABILITIES | | 75,693 | 101,075 |
| Net assets per ordinary share attributable to ordinary equity holder of the Company (RM) | | 0.20 | 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.



SAUDEE
Group Berhad

(Company No.: 838172-P)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 JULY 2020

| | Share Capital RM'000 | Treasury Shares RM'000 | Revaluation Reserve RM'000 | Non Distributable Reserves Warrant Reserve RM'000 | ESOS Reserve RM'000 | Merger Deficit RM'000 | Distributable Retained Profits RM'000 | Total RM'000 |
|---|----------------------------|------------------------------|----------------------------------|--|---------------------------|-----------------------------|--|-----------------|
| Balance as at 1.08.2019 | 66,926 | (118) | 2,637 | 4,500 | - | (29,296) | 12,713 | 57,362 |
| Loss (representing total other comprehensive income) for the financial period | | | 492 | | | | (30,540) | (30,048) |
| Transaction with owners: | | | | | | | | |
| Issuance of shares | 1,212 | | | | | | | 1,212 |
| Grant of ESOS to employees | | | | | 522 | | | 522 |
| Transfer of ESOS reserve upon exercised | 522 | | | | (522) | | | - |
| | 1,734 | - | - | - | - | - | - | 1,734 |
| Balance as at 30.4.2020 | 68,660 | (118) | 3,129 | 4,500 | - | (29,296) | (17,827) | 29,048 |
| Balance as at 1.08.2018 | 65,607 | (118) | 3,657 | 4,500 | - | (29,296) | 12,118 | 56,468 |
| Profit (representing total other comprehensive income) for the financial period | - | - | (1,020) | - | - | - | 595 | (425) |
| Transaction with owners: | | | | | | | | |
| Issuance of shares | 1,301 | | | | | | | 1,301 |
| Grant of ESOS to employees | | | | | 18 | | | 18 |
| Transfer of ESOS reserve upon exercised | 18 | | | | (18) | | | - |
| | 1,319 | - | - | - | - | - | - | 1,319 |
| Balance as at 30.4.2019 | 66,926 | (118) | 2,637 | 4,500 | - | (29,296) | 12,713 | 57,362 |

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.



SAUDEE

Group Berhad

(Company No.: 838172-P)

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FOURTH QUARTER ENDED 31 JULY 2020

| | Current Year-To-Date 31.7.2021 RM'000 | Preceding Year Corresponding 31.7.2020 RM'000 |
|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before tax | (28,006) | (2,410) |
| Adjustments: | | |
| Allowance for impairment loss on receivables | 2,961 | - |
| Allowance for slow moving inventories | 50 | - |
| Amortisation and depreciation | 4,868 | 5,251 |
| Gain on disposal of property, plant and equipment | (339) | (163) |
| Gain on disposal of subsidiaries | - | (2,187) |
| Gain on fair value adjustment of investment properties | (102) | (220) |
| Interest expense | 1,632 | 2,120 |
| Interest income | (146) | (156) |
| Inventories written down | 21,125 | 1,507 |
| Property, plant and equipment written off | 75 | - |
| Share of results of an associate | 74 | (21) |
| Share option granted under ESOS | 522 | 18 |
| Reversal of impairment loss on receivables | (225) | (2,004) |
| Reversal of inventories written down | - | (411) |
| Unrealised loss/(gain) on foreign exchange | 35 | (64) |
| Operating profit before working capital changes | 2,524 | 1,260 |
| Decrease in inventories | 1,239 | 202 |
| (Increase)/Decrease in receivables | (4,250) | 4,180 |
| Increase in payables | 4,232 | 3,054 |
| Cash generated from operations | 3,745 | 8,696 |
| Tax paid | (694) | (751) |
| Tax refunded | 873 | 418 |
| Net cash from operating activities | 3,924 | 8,363 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 146 | 156 |
| Net cash outflow from disposal of subsidiaries | - | (73) |
| Proceeds from disposal of property, plant and equipment | 1,001 | 167 |
| Purchase of property, plant and equipment | (1,624) | (34) |
| Net cash (used in)/from investing activities | (477) | 216 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Decrease in short-term borrowings | (1,210) | (5,169) |
| Drawdown of term loan | 1,992 | - |
| Interest paid | (1,632) | (2,120) |
| Issuance of shares | 1,212 | 1,301 |
| (Placement)/Withdrawn of term deposits pledged as security | (933) | 650 |
| Repayment of hire purchase obligations | (517) | (721) |
| Repayment of term loan | (1,083) | (1,180) |
| Payment of lease liability | (101) | - |
| Net cash used in financing activities | (2,272) | (7,190) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | 1,175 | 1,389 |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD | (2,625) | (3,965) |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD | (1,450) | (2,576) |



SAUDEE
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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FOURTH
QUARTER ENDED 31 JULY 2020**

| | Current Year-To-Date Ended 31.7.2020 RM'000 | Preceding Year Corresponding Period Ended 31.7.2019 RM'000 |
|--|--|---|
| Fixed and short-term deposits with licensed banks | 5,509 | 4,576 |
| Cash and bank balances | 1,380 | 1,112 |
| Bank overdrafts | (2,830) | (3,737) |
| | 4,059 | 1,951 |
| Less: Fixed and short-term deposits with licensed banks pledged as security for credit facilities granted to the Group | (5,509) | (4,576) |
| | (1,450) | (2,625) |

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.



SAUDEE
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2020

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

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 except the issuance of 9,322,000 new ordinary shares pursuant to the exercise of ESOS at RM0.13 per share.

8. Dividend Paid

There was no dividend paid in the current quarter.



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9. Segment Reporting

| | Current Year-To-Date 31.7.2020 RM'000 | Preceding Year Corresponding Period 31.7.2019 RM'000 |
|--|--|---|
| Segment revenue | | |
| Manufacture and sale of food products | | |
| Manufacturing – FPP | 45,353 | 53,750 |
| Manufacturing – HORECA and OEM | 19,561 | 12,798 |
| Trading | 13,597 | 11,080 |
| | 78,511 | 77,628 |
| Property Development | - | 483 |
| | 78,511 | 78,111 |
| Total Revenue for the financial period | 78,511 | 78,111 |

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 July 2020 that have not been reflected in the interim financial statements as at the date of this report except below:-

1) Proposed Acquisition of KK Fresh Frozen Sdn Bhd and Megah Deutsch (M) Sdn Bhd

In July 2020, the Group had entered into the heads of agreements (“HOAs”) with vendors of KK Fresh Frozen Sdn Bhd and Megah Deutsch (M) Sdn Bhd (“Target Companies”) for the proposed acquisition of 100% equity interest of the Target Companies. The total purchase consideration shall be RM20.0 million representing RM10.0 million for each of the Target Companies. The purchase consideration of RM10.0 million for each of the Target Companies shall be satisfied by the Company via allotment and issuance of 31,250,000 new ordinary shares in the Company (“Consideration Shares”) at an issue price of RM0.32 per Consideration Shares.

On 11 September 2020, the HOAs in relation to the Proposed Acquisition have lapsed and ceased to have effect.

2) Private placement

On 4 September 2020, the Company issued 14,637,000 units of share at issued price of RM0.4587 amounted to RM7,109,190.90 under Private Placement exercise. On 7 September 2020, the Company completed the Private Placement with the listing of and quotation for 14,637,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad.

11. 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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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.

On 2 June 2020, PSSB submitted 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.

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 July 2020.

Fair Value Changes of Financial Liabilities

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



SAUDEE
Group Berhad

(Company No.: 838172-P)

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14. Financial Instruments (Cont'd)

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.



SAUDEE
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2020

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 | Preceding Year | Changes (Amount) | Current | Preceding Year | Changes (Amount) |
| | Quarter 31.7.2020 | Corresponding Quarter 31.7.2019 | | Year-To-Date 31.7.2020 | Corresponding Period 31.7.2019 | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue – Manufacturing (FPP) | 10,165 | 12,211 | (2,046) | 48,868 | 53,750 | (4,882) |
| Revenue – Manufacturing (HORECA and OEM) | 7,800 | 3,949 | 3,851 | 19,561 | 12,798 | 6,763 |
| Revenue – Trading | 2,933 | 2,462 | 471 | 10,082 | 11,080 | (998) |
| | <u>20,898</u> | <u>18,622</u> | | <u>78,511</u> | <u>77,628</u> | |
| Property Development | - | - | | - | 483 | (483) |
| Total Revenue | 20,898 | 18,622 | 2,276 | 78,511 | 78,111 | 400 |
| Loss Before Interest and Tax | (70) | (3,305) | 3,235 | (26,520) | (446) | (26,074) |
| Loss Before Tax | (278) | (3,782) | 3,504 | (28,006) | (2,410) | (25,596) |
| (Loss)/Profit After Tax | (2,827) | (646) | (2,181) | (30,611) | 453 | (31,064) |

Revenue for the quarter under review (Q4 2020 vs Q4 2019) increased by RM2.28 million to RM20.90 million as compared to its preceding year corresponding quarter of RM18.62 million.

The increase in sales were due to increase in HORECA products as some of food services operators (i.e. restaurants and canteen operator at school) resume their business.



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1. Review of Performance (Cont'd)

Revenue for cumulative quarters (cumulative Q4 2020 vs cumulative Q4 2019) under review increased by RM0.40 million to RM78.51 million as compared to preceding year corresponding period of RM78.11 million.

The slight increase in sales were due to HORECA & OEM sales increase but set-off against the drop of FPP sales during MCO period.

The Group generated positive earnings before interest, tax, depreciation, impairment of receivables and inventories for both current quarter and cumulative quarters of RM1.07 million and RM2.26 million respectively. The Group generated positive operating cash flow for Q4 2020 of RM3.92 million (refer to unaudited condensed consolidated cash flow statement in page 5 of the quarterly report).

2. Variation of Results against Preceding Quarter

| | Current Quarter ended 31.7.2020 RM'000 | Preceding Quarter ended 30.4.2020 RM'000 | Variance RM'000 |
|---|---|---|----------------------------|
| Revenue – Manufacturing (FPP) | 10,165 | 14,967 | (4,802) |
| Revenue – Manufacturing (HORECA and OEM) | 7,800 | 4,290 | 3,510 |
| Revenue – Trading | 2,933 | 214 | 2,719 |
| Total revenue | <u>20,898</u> | <u>19,471</u> | <u>1,427</u> |
| (Loss)/Profit Before Interest and Tax | (70) | (19,232) | 19,162 |
| (Loss)/Profit Before Tax | (278) | (19,614) | 19,336 |
| (Loss)/Profit After Tax | <u>(2,827)</u> | <u>(19,677)</u> | <u>16,850</u> |

The revenue for the current quarter ended 31 July 2020 was RM1.43 million higher than preceding quarter ended 30 April 2020.

The increase in revenue were mainly due to the following reasons:-

- 1) Increase in HORECA and OEM segment as explained in Part B Note 1 above; and
- 2) Increase in trading sale during festival season of July 2020.

The Group recorded loss before tax of RM0.28 million during the quarter ended 31 July 2020 under review, reduced of loss by RM19.34 million as compared to preceding quarter ended 30 April 2020. The reason for the reduce loss is due to the write down and/or write off of inventories happened in the preceding quarter ended 30 April 2020.



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3. Prospects

Following the MCO, CMCO and RMCO for the period from 18 March 2020 to 31 December 2020 imposed by Malaysian Government, the Group foresee a recovery of business in coming quarters as follows:

- 1) The FPP sector such as sausages, burger and nugget will recover at slower pace and the Group expected it will take impact at least 12 months to 18 months before back to normal;
- 2) However, the Group will continue its effort in cost reduction and improve efficiency program to mitigate the impact and concentrate on low margin FPP products to fulfil the demand.

4. Variance between Actual Profit and Forecast Profit

Not applicable.

5. Tax Expense/(Income)

| | Individual Quarter | | Cumulative Quarter | |
|--------------|--|---|--|--|
| | Current Year Quarter 31.7.2020 RM'000 | Preceding Year Corresponding Quarter 31.7.2019 RM'000 | Current Year-To- Date 31.7.2020 RM'000 | Preceding Year Corresponding Period 31.7.2019 RM'000 |
| Current year | | | | |
| Income tax | - | (273) | - | - |
| Deferred tax | 2,549 | (2,424) | 2,605 | (2,424) |
| | 2,549 | (2,697) | 2,605 | (2,424) |
| Prior year | | | | |
| Income tax | | 43 | | 43 |
| Deferred tax | | (482) | | (482) |
| | - | (439) | - | (439) |
| | 2,549 | (3,136) | 2,605 | (2,863) |

The tax expense for the quarter and period under review is due to reversal of deferred tax assets.



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6. Status of Corporate Proposals

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

On 7 September 2020, the Company completed the Private Placement with the listing of and quotation for 14,637,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad.

The status of the utilisation of the proceeds from Private Placement as at 18 September 2020 (being the latest practicable date) was as follow:-

| Use of proceeds | Intended Timeframe for Utilisation of Proceeds from the Completion of Private Placement | Proposed Utilisation RM'000 | Actual Utilisation RM'000 | Adjustment RM'000 | Balance RM'000 |
|--|---|-----------------------------|---------------------------|-------------------|----------------|
| Repayment of borrowings | Within 6 months | 6,789 | 6,982 | 193 | - |
| Estimated expenses for Private Placement | Immediate | 320 | 127 | (193) | - |
| | | <u>7,109</u> | <u>7,109</u> | <u>-</u> | <u>-</u> |

7. Group Borrowings and Debt Securities - Secured

The Group's borrowings as at 31 July 2020 are as follows:-

| | RM'000 |
|--------------------------------|----------------------|
| Short term borrowings:- | |
| Bank overdrafts | 2,830 |
| Bankers' acceptances | 16,632 |
| Hire purchase payables | 375 |
| Term loan | 1,610 |
| | <u>21,447</u> |
| Long term borrowings:- | |
| Hire purchase payables | 283 |
| Term loan | 5,891 |
| | <u>6,174</u> |
| Total | <u><u>27,621</u></u> |

8. Material Litigation

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



SAUDEE
Group Berhad

(Company No.: 838172-P)

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

9. Material Event

There were no material event for the current financial period to date except below:-

Disposal of investment properties

Saudi Cold Storage Sdn Bhd, a wholly-owned subsidiary of the Group, has on 29 May 2020 entered into two (2) sale and purchase agreements with Arca Edaran (M) Sdn Bhd to dispose the following:-

- (a) three (3) parcels of vacant residential land known as HS(D) 7441, Lot 3397; HS(D) 7442, Lot 3398 and HS(D) 7443, Lot 3399, Bandar Alor Setar, Daerah Kota Setar, Kedah Darul Aman with a total area measuring approximately 6,530.4169 square meters / 70,293 square feet for a cash consideration of RM2,474,313.60; and
- (b) one (1) parcel of vacant commercial land known as HS(D) 7758, Lot 3572, Bandar Alor Setar, Daerah Kota Setar, Kedah Darul Aman with a total area measuring approximately 2,738.7816 square metres / 29,480 square feet for a cash consideration of RM2,015,471.40.

The disposal has yet to complete.

10. Proposed Dividend

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

11. (Loss)/Earnings Per Share

Basic

The basic (loss)/earnings per share has been calculated by dividing the Company's (loss)/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 31.7.2020 | Preceding Year Corresponding Quarter 31.7.2019 | Current Year 31.7.2020 | Preceding Year Corresponding Period 31.7.2019 |
| (Loss)/Profit attributable to ordinary equity holders of the Company (RM'000) | (2,827) | (646) | (30,611) | 453 |
| Weighted average number of ordinary shares in issue ('000) | 146,371 | 133,776 | 139,379 | 132,548 |
| Basic (loss)/earnings per Share (sen) | (1.93) | (0.48) | (21.96) | 0.34 |

Diluted

The diluted (loss)/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.