



SAUDEE
Group Berhad

(Company No.: 200801036832 (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 2022**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.4.2022 RM'000	Preceding Year Corresponding Quarter 30.4.2021 RM'000	Current Year-To-Date 30.4.2022 RM'000	Preceding Year Corresponding Period 30.4.2021 RM'000
Revenue	23,756	21,500	73,703	62,478
Cost of sales	(20,700)	(18,481)	(63,253)	(54,049)
Gross profit	3,056	3,019	10,450	8,429
Other operating income	19	10	490	539
Operating expenses	(2,976)	(2,676)	(8,606)	(7,619)
Finance costs	(20)	(242)	(48)	(1,107)
Share of results of an associate	83	1	167	81
Profit before tax	162	112	2,453	323
Tax income	-	(50)	-	118
Net profit for the financial period	162	62	2,453	441
Other comprehensive income for the financial period	-	-	-	-
Total comprehensive income for the financial period	162	62	2,453	441
Basic earnings per share (sen) (Note B11)	0.02	0.03	0.35	0.24



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Notes to Statement of Comprehensive Income

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.4.2022 RM'000	Preceding Year Corresponding Quarter 30.4.2021 RM'000	Current Year-To-Date 30.4.2022 RM'000	Preceding Year Corresponding Period 30.4.2021 RM'000
Allowance for impairment loss on receivables	-	(137)	-	(214)
Depreciation and amortisation	(1,090)	(1,053)	(3,230)	(3,296)
Forex gain/(loss)	(45)	(113)	(135)	(18)
Gain on derecognition of right of use assets	-	-	-	1
Gain on disposal of investment properties	-	-	-	158
Gain/(Loss) on disposal of property, plant and equipment	-	(9)	7	(31)
Interest expense	(20)	(242)	(48)	(1,107)
Interest income	18	4	246	43
Property, plant and equipment written off	-	(4)	(21)	(6)
Reversal of impairment loss on receivables	-	30	-	88

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 2021 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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2022

		UNAUDITED	AUDITED
		As at	As at
		30.4.2022	31.7.2021
	Note	RM'000	RM'000
Non-Current Assets			
Property, plant and equipment		32,709	32,887
Investment property		550	550
Investment in associate		494	329
Right of use assets		49	49
		33,802	33,815
Current Assets			
Inventories		12,531	9,693
Receivables, deposits and prepayments		49,980	13,589
Current tax assets		890	841
Investment in quoted investments		28,005	-
Cash and cash equivalents		29,462	80,906
		120,868	105,029
TOTAL ASSETS		154,670	138,844
EQUITY AND LIABILITIES			
Equity			
Share capital		162,193	146,234
Treasury share		(118)	(118)
Reserves		(18,625)	(21,070)
TOTAL EQUITY		143,450	125,046
Non-Current Liabilities			
Long-term bank borrowings	B7	717	237
Lease liability		-	-
Deferred taxation		990	990
		1,707	1,227
Current Liabilities			
Trade and other payables and accruals		8,369	12,448
Lease liability		52	52
Short-term bank borrowings	B7	1,092	71
Current tax liabilities		-	-
		9,513	12,571
TOTAL LIABILITIES		11,220	13,798
TOTAL EQUITY AND LIABILITIES		154,670	138,844
Net assets per ordinary share attributable to ordinary equity holder of the Company (RM)		0.1446	0.1746

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 2021 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 2022

	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 1.08.2021	146,234	(118)	3,042	24,977	-	(29,296)	(19,793)	125,046
Profit (representing total other comprehensive income) for the financial period	-	-	-	-	-	-	2,453	2,453
Transaction with owners:								
Issuance of shares pursuant to Exercise of Warrants B	11	-	-	-	-	-	-	11
Transfer to Share capital from Warrant Reserve pursuant to Exercise of Warrants B	8	-	-	(8)	-	-	-	-
Issuance of shares pursuant to Exercise of								
- ESOS	7,540	-	-	-	-	-	-	7,540
- Private Placements	8,400	-	-	-	-	-	-	8,400
	15,959	-	-	(8)	-	-	-	15,951
Balance as at 30.4.2022	162,193	(118)	3,042	24,969	-	(29,296)	(17,340)	143,450



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 APRIL 2022

	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 1.08.2020	68,660	(118)	3,129	4,500	-	(29,296)	(17,827)	29,048
Profit (representing total other comprehensive income) for the financial period	-	-	(87)	-	-	-	(4,286)	(4,373)
Transaction with owners:								
Issuance of shares pursuant to Private Placement I	7,109	-	-	-	-	-	-	7,109
Shares issued expenses	(130)	-	-	-	-	-	-	(130)
Issuance of shares pursuant to Exercise of Warrants A	10,899	-	-	-	-	-	-	10,899
Transfer to Share capital from Warrant Reserve pursuant to Exercise of Warrants A	2,180	-	-	(2,180)	-	-	-	-
Expiration of Warrants A	-	-	-	(2,320)	-	-	2,320	-
Issuance of shares pursuant to Private Placement II	11,828	-	-	-	-	-	-	11,828
Shares issued expenses	(66)	-	-	-	-	-	-	(66)
Issuance of shares pursuant to Right Issued with free warrants	71,223	-	-	-	-	-	-	71,223
Shares issued expenses	(1,024)	-	-	-	-	-	-	(1,024)
Issued of Warrants B	(25,355)	-	-	25,355	-	-	-	-
Issuance of shares pursuant to Exercise of Warrants B	532	-	-	-	-	-	-	532
Transfer to Share capital from Warrant Reserve pursuant to Exercise of Warrants B	378	-	-	(378)	-	-	-	-
	77,574	-	-	20,477	-	-	2,320	100,371
Balance as at 31.7.2021	146,234	(118)	3,042	24,977	-	(29,296)	(19,793)	125,046

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED 30 APRIL 2022

	Current Year-To-Date 30.4.2022 RM'000	Preceding Year Corresponding 31.7.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	2,453	(4,465)
Adjustments:		
Allowance for impairment loss on receivables	-	1,595
Amortisation and depreciation	3,230	4,324
Depreciation of right of use assets	-	113
Gain on derecognition of right of use assets	-	(1)
Gain on disposal of investment properties	-	158
Gain on fair value adjustment of investment properties	-	1
Interest expense	48	1,293
Interest income	(246)	(147)
Inventories written down	-	446
Loss/(Gain) on disposal of property, plant and equipment	(7)	31
Property, plant and equipment written off	21	8
Share of results of an associate	(167)	(66)
Reversal of impairment loss on receivables	-	(199)
Unrealised loss on foreign exchange	135	42
Operating profit before working capital changes	5,467	2,816
(Increase)/Decrease in inventories	(2,838)	489
Decrease/(Increase) in receivables	(36,222)	2,179
(Decrease)/Increase in payables	(3,804)	4,844
Cash (used in)/generated from operations	(37,397)	640
Tax paid	(49)	(543)
Tax refunded	-	1
Net cash (used in)/from operating activities	(37,446)	98
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	246	147
Proceeds from disposal of investment property	-	4,108
Investment in quoted investments	(28,005)	-
Proceeds from disposal of property, plant and equipment	95	50
Purchase of property, plant and equipment	(3,073)	(2,054)
Net cash used in investing activities	(30,737)	(2,251)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	-	(16,632)
Interest paid	(48)	(1,293)
Issuance of shares	15,676	100,371
Withdrawn/(Placement) of term deposits pledged as security	-	5,119
Repayment of hire purchase obligations	(307)	(350)
Repayment of lease liabilities	-	(113)
Proceed from hire purchase payables	1,808	(7,502)
Net cash from financing activities	17,129	79,600
NET INCREASE IN CASH AND CASH EQUIVALENTS	(51,054)	81,949
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	80,516	(1,433)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	29,462	80,516

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED 30 APRIL 2022

	Current Year-To-Date Ended 30.4.2022 RM'000	Preceding Year Corresponding Period Ended 31.7.2021 RM'000
Fixed and short-term deposits with licensed banks	390	472
Cash and bank balances	29,072	80,434
Bank overdrafts	-	-
	29,462	80,906
Less: Fixed and short-term deposits with licensed banks pledged as security for credit facilities granted to the Group	(390)	(390)
	29,072	80,516

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2022

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 2021 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 2021. 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 2020. 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 2021 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 and year-to-date.

6. Material Changes in Estimates

There were no changes in estimates of amounts that have had a material effect in the current quarter and year-to-date.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current period and year-to-date under review except issuance of shares pursuant to Exercise of ESOS and Private Placements as follows :-

	Number of Shares	Price per shares	Amount(RM)
Private Placement – 1 st Tranche	69,000,000	0.0666	4,595,400
Private Placement – Final Tranche	74,217,500	0.0528	3,918,684
ESOS	88,000,000	0.0585	5,148,000
ESOS	38,497,000	0.0550	2,117,335

8. Dividend Paid

There was no dividend paid in the current period and year-to-date under review.

9. Segment Reporting

	Current Year-To-Date	Preceding Year
	30.4.2022	30.4.2021
	RM'000	RM'000
Segment revenue		
Manufacture and sale of food products		
Manufacturing – FPP	50,479	38,429
Manufacturing – HORECA and OEM	13,109	10,698
Trading	10,115	13,351
 Total Revenue for the financial period	73,703	62,478

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 2022 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

The Group does not have any material contingent assets since the last financial period ended 30 April 2022.

13. Capital Commitments

There were capital commitments of RM32,311,124 during the current period under review.

14. Financial Instruments

Derivatives

There were no outstanding derivatives as at 30 April 2022.

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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 APRIL 2022

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 30.4.2022 RM'000	Preceding Year Corresponding Quarter 30.4.2021 RM'000	Changes (Amount) RM'000	Current Year-To-Date 30.4.2022 RM'000	Preceding Year Corresponding Period 30.4.2021 RM'000	Changes (Amount) RM'000
Revenue – Manufacturing (FPP)	16,271	13,811	2,460	50,479	38,429	12,050
Revenue – Manufacturing (HORECA and OEM)	4,225	3,213	1,012	13,109	10,698	2,411
Revenue – Trading	3,260	4,476	(1,216)	10,115	13,351	(3,236)
Total Revenue	23,756	21,500	2,256	73,703	62,478	11,225
Earnings before Interest, Tax, Amortisation and Depreciation	1,272	1,403	(131)	5,731	4,683	1,048
Profit Before Tax	162	112	50	2,453	323	2,130
Profit After Tax	162	62	100	2,453	441	2,102

Individual Quarter

Revenue for the quarter under review (Q3 2022 vs Q3 2021) increased by RM2.26 million to RM23.76 million as compared to its preceding year corresponding quarter of RM21.50 million. The increase in sales were due to the increase in revenue of FPP product.

The Group reported profit before tax (Q3 2022 vs Q3 2021) of RM0.16 million in current quarter as compared to profit of RM0.11 million in preceding year corresponding quarter mainly due to the increase in demand from existing customers after ease of MCO by Malaysia Government in October 2021.

1. Review of Performance (Continued)

Cumulative Quarter

The Group reported profit before tax of RM2.45 million in cumulative quarter ended 30 April 2022 as compared to RM0.32 million in cumulative quarter ended 30 April 2021. This mainly due to improve in revenue from FPP products by RM12.05 million after Malaysia moving toward endemic phase.

2. Variation of Results against Preceding Quarter

	Current Quarter ended 30.4.2022 RM'000	Preceding Quarter ended 31.1.2022 RM'000	Variance RM'000
Revenue – Manufacturing (FPP)	16,271	21,406	(5,135)
Revenue – Manufacturing (HORECA and OEM)	4,225	3,625	600
Revenue – Trading	3,260	2,720	540
Total revenue	<u>23,756</u>	<u>27,751</u>	<u>(3,995)</u>
Earnings/(Loss) before Interest, Tax, Amortisation and Depreciation	1,272	2,646	(1,373)
Profit/(Loss) Before Tax	162	1,542	(1,380)
Profit/(Loss) After Tax	<u>162</u>	<u>1,542</u>	<u>(1,380)</u>

The revenue for the current quarter ended 30 April 2022 was lower by RM5.13 million as compared with preceding quarter ended 31 January 2022. The Group generated profit before tax of RM0.16 million as compared to profit before tax of RM1.52 million mainly due to shortage of material and closing of factory for Chinese New Year and cleaning of factory during the period under review.

3. Prospects

Following the announcement of National Recovery Plan (Pelan Pemulihan Negara (PPN)) by Malaysian Government in June 2021 and Malaysia moving toward Endemic phase, the Group foresee a recovery of business in coming quarters as follows:

- 1) The FPP sector such as sausages, burger and nugget recover at faster pace after all state in Malaysia been moving toward endemic phase in Malaysia;
- 2) HORECA and OEM show some recovery from the impact of MCO and PPN.;
- 3) The Group foresee increase in material and logistics cost due to uncertainty in global situation such as Ukraine vs Russian conflict.
- 4) Furthermore, the Group will continue its effort in cost reduction and improve efficiency program to mitigate the impact and concentrate on 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 30.4.2022 RM'000	Preceding Year Corresponding Quarter 30.4.2021 RM'000	Current Year-To- Date 30.4.2022 RM'000	Preceding Year Corresponding Period 30.4.2021 RM'000
Current year				
RPGT	-	-	-	337
Deferred tax	-	50	-	(455)
	-	50	-	(118)

There is no tax expenses been recognised during the quarter under review due to utilisation of unabsorbed tax losses carried forward.

6. Status of Corporate Proposals

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

The status of the utilization of the proceeds from Private Placement and Rights Issue with Free Warrants B as at 23 June 2022 (being the latest practicable date) was as follows:-

Details of utilisation	Intended timeframe for utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Balance RM'000
Construction of a cold room	Within 24 months	20,000	-	-	20,000
Expansion of production capacity	Within 12 months	17,000	13,238	-	3,762
Marketing and advertisement	Within 24 months	10,000	5,965	-	4,035
Repayment of borrowings	Within 6 months	19,000	18,571	-	429
Acquisitions and/or investment in complementary business and/or assets	Within 24 months	15,000	9,053	-	5,947
Business expansion to China	Within 24 months	8,400	-	-	8,400
Working capital	Within 24 months	961	961	-	-
Estimated expenses for the Corporate Exercises	Immediate	1,204	1,204	-	-

7. Group Borrowings and Debt Securities - Secured

The Group's borrowings as at 30 April 2022 are as follows:-

	RM'000
Short term borrowings:-	
Hire purchase payables	1,092
Long term borrowings:-	
Hire purchase payables	717
Total	1,070

8. Material Litigation

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

9. Material Event

There were no material events for the current financial period.

10. Proposed Dividend

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

11. Earnings Per Share

The 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 30.4.2022	Preceding Year Corresponding Quarter 30.4.2021	Current Year 30.4.2022	Preceding Year Corresponding Period 30.4.2021
Profit attributable to ordinary equity holders of the Company (RM'000)	162	62	2,453	441
Weighted average number of ordinary shares in issue ('000)	705,982	192,850	705,982	186,909
Basic earnings per share (sen)	0.02	0.03	0.35	0.24

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.