



**SASBADI HOLDINGS BERHAD (1022660-T)**

Incorporated in Malaysia

FOURTH QUARTER REPORT ENDED 31 AUGUST 2017

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND TWELVE (12) MONTHS ENDED 31 AUGUST 2017 <sup>(1)</sup>**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.08.2017 RM'000	Preceding Year Quarter 31.08.2016 RM'000	Current Year-To-Date 31.08.2017 RM'000	Preceding Year-To-Date 31.08.2016 RM'000
<b>Revenue</b>	12,985	15,388	93,056	92,690
<b>Cost of sales</b>	(9,877)	(7,916)	(47,760)	(47,164)
<b>Gross profit</b>	3,108	7,472	45,296	45,526
Other operating income	277	4,793	620	5,117
Distribution expenses	(2,698)	(2,535)	(10,658)	(9,682)
Administrative expenses	(5,042)	(3,974)	(20,708)	(15,971)
Other operating expenses	(643)	(1,426)	(1,272)	(2,139)
<b>Results from operating activities</b>	(4,998)	4,330	13,278	22,851
Finance income	29	176	148	426
Finance costs	(573)	(253)	(1,974)	(1,047)
<b>(Loss)/Profit before tax</b>	(5,542)	4,253	11,452	22,230
Tax expense	973	(200)	(3,462)	(5,136)
<b>Net (loss)/profit for the financial period/year</b>	(4,569)	4,053	7,990	17,094
<b>Other comprehensive income for the financial period, net of tax</b>				
Fair value of available-for-sale financial assets	(2)	13	5	24
<b>Total comprehensive income for the financial period/year</b>	(4,571)	4,066	7,995	17,118
<b>Net (loss)/profit for the financial period/year attributable to:</b>				
- Owners of the Company	(4,231)	4,184	8,038	16,695
- Non-controlling interests	(338)	(131)	(48)	399
<b>Total comprehensive income attributable to:</b>	(4,569)	4,053	7,990	17,094
- Owners of the Company	(4,232)	4,193	8,042	16,712
- Non-controlling interests	(339)	(127)	(47)	406
<b>(Loss)/Earnings per share (sen) attributable to owners of the Company:</b>				
- Basic <sup>(2)</sup>	(1.01)	1.00	1.92	4.13
- Diluted	N/A	N/A	N/A	N/A

**Notes:**

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements of Sasbadi Holdings Berhad ("the Company") for the financial year ended 31 August 2016 and the accompanying explanatory notes attached to these interim financial statements.

(2) Based on the weighted average number of ordinary shares in issue as detailed in Note B11.

N/A Not applicable



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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2017 <sup>(1)</sup>

	Unaudited As at 31.08.2017 RM'000	Audited As at 31.08.2016 RM'000
<b>ASSETS</b>		
Property, plant and equipment	44,307	42,581
Investment properties	2,584	2,637
Intangible assets	26,217	27,737
Other investments	372	367
Deferred tax assets	1,517	1,018
<b>Total non-current assets</b>	<b>74,997</b>	<b>74,340</b>
Inventories	65,156	47,869
Current tax assets	2,936	2,657
Trade and other receivables	53,463	51,689
Prepayments	2,835	2,486
Cash and cash equivalents	10,565	25,885
<b>Total current assets</b>	<b>134,955</b>	<b>130,586</b>
<b>Total assets</b>	<b>209,952</b>	<b>204,926</b>
<b>EQUITY</b>		
Share capital	108,210	69,850
Share premium	-	38,401
Treasury shares	(1)	-
Reserves	37,169	39,393
<b>Equity attributable to owners of the Company</b>	<b>145,378</b>	<b>147,644</b>
Non-controlling interests	-	5,467
<b>Total equity</b>	<b>145,378</b>	<b>153,111</b>
<b>LIABILITIES</b>		
Loans and borrowings	20,423	9,517
Deferred tax liabilities	6,610	7,429
<b>Total non-current liabilities</b>	<b>27,033</b>	<b>16,946</b>
Loans and borrowings	16,558	10,519
Provisions	1,203	1,062
Trade and other payables	19,641	22,351
Current tax liabilities	139	937
<b>Total current liabilities</b>	<b>37,541</b>	<b>34,869</b>
<b>Total liabilities</b>	<b>64,574</b>	<b>51,815</b>
<b>Total equity and liabilities</b>	<b>209,952</b>	<b>204,926</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>0.35</b>	<b>0.35 <sup>(2)</sup></b>

### Note:

(1) 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 August 2016 and the accompanying explanatory notes attached to these interim financial statements.

(2) Restated to reflect the effects of the bonus issue disclosed in Note A6(iii) below.



# SASBADI HOLDINGS BERHAD (1022660-T)

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2017 <sup>(1)</sup>

	Non-distributable					Distributable			Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Merger deficit RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000		
<b>At 1 September 2016</b>	69,850	38,401	-	(50,500)	17	13,596	76,280	147,644	5,467	153,111
Fair value of available-for-sale financial assets	-	-	-	-	4	-	-	4	1	5
Total other comprehensive income	-	-	-	-	4	-	-	4	1	5
Net profit for the financial year	-	-	-	-	-	-	8,038	8,038	(48)	7,990
<b>Total comprehensive income for the financial year</b>	-	-	-	-	4	-	8,038	8,042	(47)	7,995
<i>Contributions by and distributions to owners of the Company</i>										
Repurchase of shares	-	-	(1)	-	-	-	-	(1)	-	(1)
Dividends to owners of the Company	-	-	-	-	-	-	(6,286)	(6,286)	-	(6,286)
Issue of bonus shares	34,925	(34,925)	-	-	-	-	-	-	-	-
Share issuance expenses	-	(41)	-	-	-	-	-	(41)	-	(41)
Reclassification due to compliance with Companies Act 2016	3,435	(3,435)	-	-	-	-	-	-	-	-
Changes in ownership interests in a subsidiary	38,360	(38,401)	(1)	-	-	-	(6,286)	(6,328)	-	(6,328)
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	-	(3,980)	(3,980)	(5,420)	(9,400)
<b>At 31 August 2017</b>	108,210	-	(1)	(50,500)	21	13,596	74,052	145,378	-	145,378

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2016<sup>(1)</sup> (CONT'D)**

	<----- Non-distributable ----->				Distributable		
	Share capital RM'000	Share premium RM'000	Merger deficit RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 September 2015</b>	63,500	13,461	(50,500)	-	13,596	65,173	110,291
Fair value of available-for-sale financial assets	-	-	-	17	-	-	17
Total other comprehensive income	-	-	-	17	-	-	17
Net profit for the financial year	-	-	-	-	-	16,695	16,695
<b>Total comprehensive income for the financial year</b>	-	-	-	17	-	16,695	17,118
<i>Contributions by and distributions to owners of the Company</i>							
Issuance of ordinary shares	6,350	25,273	-	-	-	-	31,623
Share issuance expenses	-	(333)	-	-	-	-	(333)
Dividends to owners of the Company	-	-	-	-	-	(5,588)	(5,588)
<b>Total transactions with owners of the Company</b>	6,350	24,940	-	-	-	(5,588)	25,702
<b>At 31 August 2016</b>	<b>69,850</b>	<b>38,401</b>	<b>(50,500)</b>	<b>17</b>	<b>13,596</b>	<b>76,280</b>	<b>153,111</b>

**Note:**

(1) 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 August 2016 and the accompanying explanatory notes attached to these interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2017 <sup>(1)</sup>**

	Current Year-To-Date 31.08.2017 RM'000	Preceding Year-To-Date 31.08.2016 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	11,452	22,230
Adjustments for:		
Amortisation of intangible assets	2,064	1,573
Depreciation on property, plant and equipment	2,487	2,513
Depreciation on investment properties	53	3
Reversal of write-down of inventories	-	(1,356)
Write-off of property, plant and equipment	16	-
Impairment loss on trade receivables	1,163	-
Reversal of impairment loss on trade receivables	(62)	(27)
Gain on bargain purchase of subsidiaries	-	(4,315)
Gain on disposal of property, plant and equipment	(298)	(294)
Interest expense	1,906	997
Interest income	(148)	(426)
Provision for/(Reversal of) sales returns	141	(137)
Operating profit before changes in working capital	18,774	20,761
Changes in inventories	(17,262)	(6,270)
Changes in trade and other receivables and prepayments	(3,150)	(5,849)
Changes in trade and other payables	(2,805)	76
Cash (used in) / generated from operations	(4,443)	8,718
Tax paid	(6,453)	(6,870)
Tax refunded	590	150
Interest paid	(1,268)	(750)
Interest received	148	426
Net cash (used in) / generated from operating activities	(11,426)	1,674
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	336	310
Acquisition of non-controlling interest	(9,400)	-
Acquisition of subsidiaries, net of cash and cash equivalents	(848)	(6,146)
Acquisition of intangible assets	(10)	(109)
Acquisition of property, plant and equipment	(3,905)	(8,965)
Net cash used in investing activities	(13,827)	(14,910)
<b>Cash flows from financing activities</b>		
Net repayment of bankers' acceptances	(807)	(941)
Repayment of finance lease liabilities	(118)	(103)
Repayment of term loans	(1,236)	(227)
Proceeds from term loan	15,000	6,300
Proceeds from issuance of shares	-	31,623
Share issuance expenses paid	(41)	(333)
Purchase of treasury shares	(1)	-
Dividends paid	(6,286)	(5,588)
Interest paid	(638)	(247)
Net cash generated from financing activities	5,873	30,484
<b>Net (decrease)/increase in cash and cash equivalents</b>	(19,380)	17,248
<b>Cash and cash equivalents at beginning of the financial year</b>	17,293	45
<b>Cash and cash equivalents at end of the financial year</b>	(2,087)	17,293



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2017 (1) (CONT'D)**

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	<b>Current Year-To-Date 31.08.2017 RM'000</b>	<b>Preceding Year-To-Date 31.08.2016 RM'000</b>
Cash and bank balances	9,822	15,017
Deposit placed with a licensed bank	743	669
Short term funds	-	10,199
	<u>10,565</u>	<u>25,885</u>
Less: Bank overdrafts	<u>(12,652)</u>	<u>(8,592)</u>
	<u>(2,087)</u>	<u>17,293</u>

**Note:**

- (1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2016 and the accompanying explanatory notes attached to these interim financial statements.*



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**A EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING**

**A1. Accounting Policies and Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), International Accounting Standard ("IAS") 34: Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"), and paragraph 9.22 and Part A of Appendix 9B of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

These interim financial statements should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2016 and the accompanying explanatory notes attached to these interim financial statements.

These 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 Company and its subsidiaries ("the Group") since the financial year ended 31 August 2016.

The significant accounting policies and methods of computation applied in these unaudited condensed interim financial statements are consistent with those adopted as disclosed in the Audited Financial Statements of the Company for the financial year ended 31 August 2016, except for the following accounting standards, amendments and interpretations that have been issued by the MASB but have not been adopted by the Group:

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017***

- . Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- . Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- . Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- . MFRS 9, *Financial Instruments (2014)*
- . MFRS 15, *Revenue from Contracts with Customers*
- . Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- . IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- . Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- . Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*
- . Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- . Amendments to MFRS 140, *Investment Property - Transfers of Investment Property*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- . MFRS 16, *Leases*
- . IC Interpretation 23, *Uncertainty over Income Tax Treatments*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021***

- . MFRS 17, *Insurance Contracts*



***MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- From the annual period beginning on 1 September 2017 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2017.
- From the annual period beginning on 1 September 2018 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2018.
- From the annual period beginning on 1 September 2019 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2019; and
- From the annual period beginning on 1 September 2021 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2021.

The initial application of the accounting standards, amendments or interpretations is not expected to have any material financial impacts to the financial statements of the Group except as mentioned below:

**MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

**MFRS 15, *Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

**MFRS 16, *Leases***

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

**A2. Auditors' Report on Preceding Annual Financial Statements**

The Auditors' Reports on the financial statements of the Company and its subsidiaries for the financial year ended 31 August 2016 were not qualified.

**A3. Seasonality or Cyclicalities of Operations**

The Group's business operations are exposed to seasonality patterns as the Group generally experiences significantly higher quarterly sales in the second financial quarter (December to February) compared to the other three (3) financial quarters. This is primarily caused by the timing of the start of the academic year for national schools. As a result, the seasonal sales patterns may adversely impact on the Group's quarterly revenue, profit and cash flow. Nevertheless, the Group takes the seasonality patterns into consideration in our cash flow planning.





**A4. Unusual Items**

There were no significant items affecting the assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size and incidence during the current financial quarter and current financial year-to-date.

**A5. Changes in Estimates**

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

**A6. Debt and Equity Securities**

**(i) Employees' Share Option Scheme ("ESOS")**

The Company has implemented an ESOS of up to ten percent (10%) of the Company's issued and paid-up share capital (excluding treasury shares, if any) for the eligible employees and executive directors of the Group effective from 1 September 2016. As at the date of this report, the Company has yet to grant any options under the ESOS.

**(ii) Repurchase of Shares**

On 6 September 2016, the Company purchased 1,000 of its own shares from the open market at a price of RM1.11 per share, which was financed by internally generated funds. The purchased shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

**(iii) Proposed Bonus Issue**

On 14 August 2017, the Company completed the bonus issue of 139,699,500 new ordinary shares of the Company.

Save as disclosed above, there was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current financial quarter and current financial year-to-date.

**A7. Dividend Paid**

Since the end of the previous financial year, the Company has paid the following dividends:

- (i) A final single tier dividend of 1.25 sen per ordinary share amounting to RM3.492 million in respect of the financial year ended 31 August 2016, on 22 February 2017.
- (ii) An interim single tier dividend of 1.0 sen per ordinary share amounting to RM2.794 million in respect of the financial year ended 31 August 2017, on 31 May 2017.



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**A8. Segment Information**

Segmental information is presented in accordance with the Group's entities, which are the Group's strategic business units.

**Current financial quarter ended 31 August 2017**

	Sasbadi Holdings Berhad RM'000	Sasbadi Book Promotions Sdn Bhd RM'000	Sasbadi Online Sdn Bhd & Mindtech Education Sdn Bhd RM'000	Sasbadi Orbit Bukit Sdn Bhd RM'000	Sasbadi Learning Solutions Sdn Bhd and its subsidiaries RM'000	Sanjung Unggul Sdn Bhd and its subsidiaries RM'000	United Publishing House (M) Sdn Bhd and its subsidiaries RM'000	Inter-company elimination RM'000	Total RM'000
Revenue	480	6,471	2,434	335	1,536	2,842	2,597	(3,710)	12,985
Cost of sales	-	(5,388)	(2,196)	(422)	(752)	(2,638)	(1,711)	3,230	(9,877)
Gross profit	480	1,083	238	(87)	784	204	886	(480)	3,108

**Add/(Less):**

Other operating income 277  
Distribution expenses (2,698)  
Administrative expenses (5,042)  
Other operating expenses (643)

**Results from operating activities**

**(4,998)**

**Current financial year to date ended 31 August 2017**

	Sasbadi Holdings Berhad RM'000	Sasbadi Book Promotions Sdn Bhd RM'000	Sasbadi Online Sdn Bhd & Mindtech Education Sdn Bhd RM'000	Sasbadi Orbit Bukit Sdn Bhd RM'000	Sasbadi Learning Solutions Sdn Bhd and its subsidiaries RM'000	Sanjung Unggul Sdn Bhd and its subsidiaries RM'000	United Publishing House (M) Sdn Bhd and its subsidiaries RM'000	Inter-company elimination RM'000	Total RM'000
Revenue	3,480	67,361	6,147	1,296	3,595	16,932	9,263	(15,018)	93,056
Cost of sales	-	(33,329)	(5,422)	(1,173)	(1,859)	(11,511)	(6,004)	11,538	(47,760)
Gross profit	3,480	34,032	725	123	1,736	5,421	3,259	(3,480)	45,296

**Add/(Less):**

Other operating income 620  
Distribution expenses (10,658)  
Administrative expenses (20,708)  
Other operating expenses (1,272)

**Results from operating activities**

**13,278**



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**A8. Segment Information**

Segmental information is presented in accordance with the Group's entities, which are the Group's strategic business units.

**Preceding financial year's corresponding quarter ended 31 August 2016**

	Sasbadi Holdings Berhad RM'000	Sasbadi Malaysian Book Promotions Sdn Bhd RM'000	Sasbadi Online Sdn Bhd & Mindtech Education Sdn Bhd RM'000	Orbit Buku Sdn Bhd RM'000	Sasbadi Learning Solutions Sdn Bhd RM'000	Sanjung Unggul Sdn Bhd and its subsidiaries RM'000	United Publishing House (M) Sdn Bhd and its subsidiaries elimination RM'000	Total RM'000
Revenue	4,800	13,467	771	283	1,524	2,940	1,375	15,388
Cost of sales	-	(8,127)	(1,162)	(182)	(922)	(2,126)	(369)	(7,916)
Gross profit	4,800	5,340	(391)	101	602	814	1,006	7,472
<b>Add/(Less):</b>								
Other operating income								4,793
Distribution expenses								(2,535)
Administrative expenses								(3,974)
Other operating expenses								(1,426)
<b>Results from operating activities</b>								<u>4,330</u>

**Preceding financial year's corresponding year-to-date ended 31 August 2016**

	Sasbadi Holdings Berhad RM'000	Sasbadi Malaysian Book Promotions Sdn Bhd RM'000	Sasbadi Online Sdn Bhd & Mindtech Education Sdn Bhd RM'000	Orbit Buku Sdn Bhd RM'000	Sasbadi Learning Solutions Sdn Bhd RM'000	Sanjung Unggul Sdn Bhd and its subsidiaries RM'000	United Publishing House (M) Sdn Bhd and its subsidiaries elimination RM'000	Total RM'000
Revenue	10,680	76,417	3,069	2,067	4,936	15,175	1,375	92,690
Cost of sales	-	(40,967)	(2,822)	(1,266)	(2,693)	(9,396)	(369)	(47,164)
Gross profit	10,680	35,450	247	801	2,243	5,779	1,006	45,526
<b>Add/(Less):</b>								
Other operating income								5,117
Distribution expenses								(9,682)
Administrative expenses								(15,971)
Other operating expenses								(2,139)
<b>Results from operating activities</b>								<u>22,851</u>



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**A9. Valuation of Property, Plant and Equipment**

There was no valuation of property, plant and equipment undertaken in the current financial quarter.

**A10. Material Events Subsequent to the End of the Interim Period**

There were no material events subsequent to the end of the current financial quarter up to the date of this report.

**A11. Effects of Changes in Composition of the Group**

**(i) Acquisition of Distinct Motion Sdn Bhd**

On 21 October 2016, the Company's wholly-owned subsidiary, Sasbadi Learning Solutions Sdn Bhd, completed the acquisition of 100% equity interest in Distinct Motion Sdn Bhd ("Distinct Motion") for a cash consideration of RM850,000. Distinct Motion has a wholly-owned subsidiary, Distinct Element Sdn Bhd (*Note : Distinct Motion and its subsidiary are herein collectively known as "Distinct Motion Group"*).

The effect of the acquisition of 100% equity interest in Distinct Motion on the Group is as follows:

	RM'000
Purchase consideration	850
Provisional fair value of identifiable net assets of Distinct Motion Group	(316)
Goodwill on acquisition	534

**(ii) Acquisition of 30% Equity Interest in Sanjung Unggul Sdn Bhd**

On 31 July 2017, the Company completed the acquisition of the remaining 30% of the issued share capital of Sanjung Unggul Sdn Bhd ("Sanjung Unggul") for a purchase consideration of RM9,400,000.00 only. In this regard, Sanjung Unggul has become a wholly-owned subsidiary of the Company. The carrying amount of Sanjung Unggul Group (i.e. Sanjung Unggul and its subsidiaries's net assets in the Group's financial statements on the date of acquisition was RM18,066,000. The Group recognised a decrease in non-controlling interests of RM5,420,000 and a decrease in retained earnings of RM3,980,000.

The effect of changes in the equity interest in Sanjung Unggul that is attributable to owners of the Company is as follows:

	RM'000
Equity interest as at 1 September 2016	12,756
Effect of increase in Company's ownership interest	5,420
Share of comprehensive income	600
Equity interest as at 31 August 2017	18,776

**A12. Capital Commitments**

There were no material capital commitments for the Group at the end of the current financial quarter.

**A13. Changes in Contingent Liabilities and Contingent Assets**

Contingent Liabilities

	As at 31.08.2017 RM'000	As at 31.08.2016 RM'000
Bank guarantees obtained by the subsidiaries and provided to the Ministry of Education Malaysia	643	338

Contingent Assets

The Group does not have any material contingent assets as at 31 August 2017.



**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of Performance**

**Current Quarter ended 31 August 2017 against Preceding Financial Year's Corresponding Quarter ended 31 August 2016**

The Group recorded a revenue of RM12.985 million for the current financial quarter as compared to RM15.388 million for the preceding financial year's corresponding quarter, representing a decrease of RM2.403 million (equivalent to a 15.6% decrease).

The decrease in revenue was mainly attributable to the lower revenue recorded by our academic publishing subsidiaries, i.e. Sasbadi Sdn Bhd and Malaysian Book Promotions Sdn Bhd (decreased by RM6.996 million), partly offset by the higher revenue recorded by our online/digital products division spearheaded by Sasbadi Online Sdn Bhd and Mindtech Education Sdn Bhd ("Mindtech Education") (increased by RM1.663 million), and the consolidation of the revenue of the United Publishing Group (i.e. United Publishing House (M) Sdn Bhd ("United Publishing") and its subsidiaries) for three (3) months for the current financial quarter (RM2.598 million) vis-a-vis one (1) month for the preceding financial year's corresponding quarter post acquisition by the Company in August 2016 (RM1.375 million). The decrease in the revenue of our academic publishing subsidiaries was mainly due to the weak retail market, while the increase in the revenue of our online/digital products division was due to our direct sales/network marketing business gaining momentum.

The Group recorded a loss before tax ("LBT") of RM5.542 million for the current financial quarter vis-a-vis a profit before tax ("PBT") of RM4.253 million for the preceding financial year's corresponding quarter. The PBT for the preceding financial year's corresponding quarter included a bargain purchase gain of RM4.315 million arising from the acquisition of 100% equity interest in United Publishing in August 2016. In addition, the LBT for the current financial quarter was mainly attributable to the drop in revenue as explained above, coupled with higher operating costs recorded by the Group mainly due to the consolidation of the United Publishing Group's full quarter's results, impairment loss on trade receivables, and increased interest expense arising from higher gearing.

**Current Financial Year-to-Date ended 31 Aug 2017 against Preceding Financial Year's Corresponding Year-to-Date ended 31 Aug 2016**

The Group recorded a marginal increase in revenue of RM0.366 million from RM92.690 million for the preceding financial year to RM93.056 million for the current financial year. However, the Group recorded a drop in PBT of RM10.778 million (equivalent to 48.5%) from RM22.230 million for the preceding financial year to RM11.452 million for the current financial year.

Similar to the explanation above, the drop in PBT for the current financial year was mainly due to the bargain purchase gain of RM4.315 million recognised in the preceding financial year and higher operating costs recorded by the Group mainly due to the consolidation of the United Publishing Group's full year's results, higher cost of amortisation of intellectual properties, impairment loss on trade receivables and increased interest expense.

**B2. Variation of Results for the Current Financial Quarter ended 31 August 2017 against the Immediate Preceding Financial Quarter**

The Group recorded a decrease in revenue of RM8.702 million (equivalent to 40.1%) from RM21.687 million for the immediate preceding financial quarter to RM12.985 million for the current financial quarter. The decrease was due to the current financial quarter being a seasonally weak financial quarter historically.

The Group showed a LBT of RM5.542 million for the current financial quarter vis-a-vis a PBT of RM3.532 million for the immediate preceding financial quarter. The LBT recorded by the Group for the current financial quarter vis-a-vis the PBT for the immediate preceding financial quarter was mainly due to the decrease in revenue as explained above.



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**B3. Group's Prospects for the financial year ending ("FYE") 31 August 2018**

In anticipation of the continued weak retail market conditions, the Group is stepping up its efforts to grow the non-academic segment, whereby the Group existingly does not have a significant presence, by streamlining and leveraging the resources within the Group to maximise its efficiency, both in terms of cost and operations.

The Group will continue to capitalise on the Government's agenda with regard to science, technology, engineering and mathematics ("STEM") and smart classroom solutions by utilising the Group's existing and expanding digital solutions, technological know-how, as well as 21st Century learning tools and products. In addition, the Group will continue to explore opportunities for synergistic collaborations with third parties in other markets that have similar drive and agenda.

The Group will also continue to pursue growth in its market share of the direct users market via its direct sales/network marketing business.

Premised on the above and barring any unforeseen circumstances, the Group is positive of our prospects and performance for FYE 31 August 2018, despite the poorer-than-expected results for the financial year ended 31 August 2017.

**B4. Variance of Profit Forecast**

No profit forecast has been issued by the Group previously in any public document.

**B5. Notes to the Statement of Comprehensive Income**

The (loss)/profit before tax is arrived at after charging/(crediting):

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.08.2017 RM'000	Preceding Year Quarter 31.08.2016 RM'000	Current Year-To-Date 31.08.2017 RM'000	Preceding Year-To-Date 31.08.2016 RM'000
Amortisation of intangible assets	506	580	2,064	1,573
Depreciation on property, plant and equipment	637	689	2,487	2,513
Depreciation on investment properties	14	3	53	3
Gain on disposal of property, plant and equipment	(89)	(87)	(298)	(294)
Gain on bargain purchase of subsidiaries	-	(4,315)	-	(4,315)
Write-off of property, plant and equipment	6	-	16	-
Impairment loss on trade receivables	595	-	1,163	-
Reversal of impairment loss on trade receivables	(62)	(27)	(62)	(27)
Interest expense	576	248	1,906	997
Interest income	(29)	(176)	(148)	(426)
Reversal of write-down of inventories	(318)	(1,580)	(318)	(1,471)
Inventories write-down	219	-	219	115
Realised foreign exchange loss	13	23	10	21
(Reversal of)/Provision for sales returns	(310)	(523)	141	(137)

Save as disclosed above, the other items as required under paragraph 16 of Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.



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**B6. Income Tax Expense**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.08.2017 RM'000	Preceding Year Quarter 31.08.2016 RM'000	Current Year-To-Date 31.08.2017 RM'000	Preceding Year-To-Date 31.08.2016 RM'000
<b>Current tax expense</b>				
- Current period	(478)	464	4,946	5,609
- Prior period	-	286	(160)	286
	<u>(478)</u>	<u>750</u>	<u>4,786</u>	<u>5,895</u>
<b>Deferred tax expense</b>				
- Current period	(496)	(76)	(1,227)	(285)
- Prior period	1	(474)	(97)	(474)
	<u>(495)</u>	<u>(550)</u>	<u>(1,324)</u>	<u>(759)</u>
<b>Total income tax expense</b>	<u>(973)</u>	<u>200</u>	<u>3,462</u>	<u>5,136</u>

The effective tax rate for the current financial quarter and current financial year-to-date is higher than the statutory tax rate of 24% mainly due to certain expenses not allowable for income tax purposes.

**B7. Status of Corporate Proposals and Utilisation of Proceeds**

As at the date of this report:

- (i) there were no corporate proposals announced but not completed; and
- (ii) all proceeds from corporate proposals implemented by the Company in the past have been fully utilised.



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**B8. Loans and Borrowings**

The Group's loans and borrowings as at 31 August 2017 were as follows:

	As at 31.08.2017 RM'000	As at 31.08.2016 RM'000
<b>Non-current</b>		
Finance lease liabilities	102	123
Term loans - secured	20,321	9,394
	<u>20,423</u>	<u>9,517</u>
<b>Current</b>		
Finance lease liabilities	28	125
Term loans - secured	3,878	995
Bank overdrafts - secured	12,652	8,592
Bankers' acceptances - secured	-	807
	<u>16,558</u>	<u>10,519</u>
	<u>36,981</u>	<u>20,036</u>

The above borrowings are denominated in Ringgit Malaysia.

**B9. Material Litigation**

On 21 July 2017, Sasbadi Sdn Bhd ("SSB"), a wholly-owned subsidiary of the Company, received a copy of the sealed Writ and Statement of Claim dated 29 June 2017 from Messrs Skrine, acting on behalf of Penerbitan Pelangi Sdn Bhd ("PPSB"). Please refer to the Company's announcement dated 24 July 2017 for details of the claims pursuant to the Writ and Statement of Claim.

The circumstances leading to the filing of the Writ and Statement of Claim against SSB was due to the alleged infringement of PPSB's copyright by SSB resulting from SSB's publishing and sales of books on past year question papers for the Sijil Tinggi Persekolahan Malaysia ("STPM") examination and the Malaysian University English Test ("MUET") under the publishing agreement entered into on 13 March 2017 between SSB and Majlis Peperiksaan Malaysia ("MPM") ("Publishing Agreement").

MPM is a statutory body established under the Malaysian Examinations Council Act 1980 ("the Act") and operates under the aegis of the Ministry of Education Malaysia. MPM is the sole owner of the question papers for the STPM examination and MUET. This is provided for under Section 27(1) of the Act which states that MPM has exclusive rights in all examination questions set by it or on its behalf.

Under the Publishing Agreement, MPM has granted an exclusive licence to SSB for a period of three (3) years from 1 January 2017 to 31 December 2019 to prepare, publish, print, distribute, market and sell the collections of past years question papers for the STPM examination and MUET.

In the Writ and Statement of Claim, PPSB is claiming copyright ownership in, inter alia, the past year question papers for the STPM examination and MUET for the years of 2011 to 2016.

SSB had, on 30 August 2017, via its solicitors, Messrs Shook Lin & Bok, filed its defence against the claim and submitted a counterclaim (Note: Please refer to the Company's announcement dated 5 September 2017 for details of the counterclaim). SSB had, on 27 September 2017, via its solicitors, Messrs Shook Lin & Bok, received a reply whereby PPSB denied SSB's counterclaims and SSB is put to strict proof of the said claims.

The Company remains steadfast that PPSB's claim on the copyright ownership is without basis and will rigorously challenge the allegation of infringement. At this juncture, the Company is not able to ascertain the financial impact arising from the claims. The claims, however, are not expected to have any material operational impact on the Group.

**B10. Dividend**

No dividend has been declared or recommended for payment by the Company for the current financial quarter.





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**B11. Earnings Per Share**

**(a) Basic Earnings Per Share**

The basic earnings per share for the current financial quarter and current financial year-to-date are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.08.2017 RM'000	Preceding Year Quarter 31.08.2016 RM'000	Current Year-To-Date 31.08.2017 RM'000	Preceding Year-To-Date 31.08.2016 RM'000
Net (loss)/profit attributable to owners of the Company	(4,231)	4,184	8,038	16,695
Weighted average number of ordinary shares in issue ('000)	419,099	419,100 <sup>^</sup>	419,099	404,422 <sup>^</sup>
Basic (loss)/earnings per ordinary share (sen)	(1.01)	1.00	1.92	4.13

**Note:**

<sup>^</sup> The comparative figures have been restated to reflect the effects of the bonus issue disclosed in Note A6(iii) above.

**(b) Diluted Earnings Per Share**

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue for the current financial quarter.

**B12. Realised and Unrealised Profits/(Losses) Disclosure**

The breakdown of the retained earnings of the Group as at the end of the current financial quarter into realised and unrealised profits/(losses) # is as follows:

	As at 31.08.2017 RM'000	As at 31.08.2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	80,348	83,776
- Unrealised	(6,296)	(7,496)
Total retained earnings	74,052	76,280

**Note:**

# Prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants on 20 December 2010.

By order of the Board  
Kuala Lumpur  
31 October 2017