


SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

SECOND QUARTER REPORT ENDED 28 FEBRUARY 2021
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2021 ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 28.02.2021 RM'000	Preceding Year Quarter 29.02.2020 RM'000	Current Year-To-Date 28.02.2021 RM'000	Preceding Year-To-Date 29.02.2020 RM'000
Revenue	24,184	22,961	38,671	50,706
Cost of sales	(12,918)	(12,725)	(21,682)	(26,902)
Gross profit	11,266	10,236	16,989	23,804
Other operating income	421	114	803	225
Distribution expenses	(1,662)	(2,181)	(3,135)	(4,436)
Administrative expenses	(3,749)	(4,161)	(6,631)	(7,625)
Other operating expenses	(300)	(338)	(1,209)	(1,748)
Results from operating activities	5,976	3,670	6,817	10,220
Finance income	1	3	3	6
Finance costs	(441)	(628)	(1,008)	(1,304)
Profit before tax	5,536	3,045	5,812	8,922
Taxation	(1,914)	(1,043)	(2,052)	(2,899)
Net profit for the financial period	3,622	2,002	3,760	6,023
Other comprehensive income for the financial period, net of tax : Item that is or may be reclassified subsequently to profit or loss				
Fair value of equity investments through other comprehensive income	(10)	(8)	(7)	(3)
Other comprehensive income for the financial period, net of tax	(10)	(8)	(7)	(3)
Total comprehensive income for the financial period	3,612	1,994	3,753	6,020
Net profit for the financial period attributable to:				
- Owners of the Company	3,622	2,002	3,760	6,023
- Non-controlling interests	-	-	-	-
	3,622	2,002	3,760	6,023
Total comprehensive income attributable to:				
- Owners of the Company	3,612	1,994	3,753	6,020
- Non-controlling interests	-	-	-	-
	3,612	1,994	3,753	6,020
Earnings per share (sen) attributable to owners of the Company:				
- Basic	0.86	0.48	0.90	1.44
- Diluted	0.86	0.48	0.90	1.44

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 2020 and the accompanying explanatory notes attached to these interim financial statements.


SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

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SECOND QUARTER REPORT ENDED 28 FEBRUARY 2021
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2021 ⁽¹⁾

	Unaudited As at 28.02.2021 RM'000	Audited As at 31.08.2020 RM'000
ASSETS		
Property, plant and equipment	42,306	44,967
Rights-of-use assets	1,591	2,025
Investment properties	2,400	2,426
Intangible assets	22,941	23,650
Other investments	220	227
Deferred tax assets	1,390	1,396
Total non-current assets	70,848	74,691
Inventories	70,533	69,386
Rights to recover returned goods	2,567	1,283
Contract costs	569	597
Trade and other receivables	47,619	40,356
Current tax assets	4,464	5,537
Prepayments	4,762	4,688
Cash and cash equivalents	9,993	6,230
Total current assets	140,507	128,077
Asset classified as held for sale	1,796	6,998
Total assets	213,151	209,766
EQUITY		
Share capital	108,210	108,210
Treasury shares	(1)	(1)
Reserves	42,086	37,833
Total equity	150,295	146,042
LIABILITIES		
Loans and borrowings	3,582	10,667
Lease liabilities	796	1,191
Deferred tax liabilities	7,621	7,332
Total non-current liabilities	11,999	19,190
Loans and borrowings	24,121	27,009
Lease liabilities	958	887
Refund liabilities	4,983	2,414
Trade and other payables	18,827	12,284
Contract liabilities	1,873	1,940
Current tax liabilities	95	-
Total current liabilities	50,857	44,534
Total liabilities	62,856	63,724
Total equity and liabilities	213,151	209,766
Net assets per share attributable to owners of the Company (RM)	0.36	0.35

Notes:

- (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 2020 and the accompanying explanatory notes attached to these interim financial statements.


SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

SECOND QUARTER REPORT ENDED 28 FEBRUARY 2021
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX (6) MONTHS ENDED 28 FEBRUARY 2021 ⁽¹⁾

	<----- Non-distributable ----->						Distributable	
	Share capital RM'000	Treasury shares RM'000	Share Options reserve RM'000	Merger deficit RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 September 2020	108,210	(1)	400	(50,500)	(44)	22,174	65,803	146,042
Total comprehensive income for the financial period	-	-	-	-	(7)	-	3,760	3,753
Transaction with owners of the Company								
Expiry of share options under ESOS			(400)				400	-
Share options vested under ESOS	-	-	500	-	-	-	-	500
Total transactions with owners of the Company	-	-	100	-	-	-	400	500
At 28 February 2021	108,210	(1)	500	(50,500)	(51)	22,174	69,963	150,295
As at 1 September 2019	108,210	(1)	-	(50,500)	(6)	22,484	74,755	154,942
Total comprehensive income for the financial period	-	-	-	-	(3)	-	6,023	6,020
Transaction with owners of the Company								
Share options vested under ESOS	-	-	400	-	-	-	-	400
At 29 February 2020	108,210	(1)	400	(50,500)	(9)	22,484	80,778	161,362

Notes:

- (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 2020 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX (6) MONTHS ENDED 28 FEBRUARY 2021 ⁽¹⁾

	Current Year-To-Date 28.02.2021 RM'000	Preceding Year-To-Date 29.02.2020 RM'000
Cash flows from operating activities		
Profit before tax	5,812	8,922
Adjustments for:		
Amortisation of intangible assets	709	710
Depreciation of property, plant and equipment	904	1,061
Depreciation of investment properties	26	27
Depreciation of rights-of-use assets	464	477
Dividend income	(1)	(3)
(Reversal)/Impairment loss on trade receivables	(167)	302
Gain on disposal of property, plant and equipment	-	(83)
Unrealised foreign exchange loss	1	1
Share options vested under ESOS	500	400
Finance costs	1,008	1,304
Finance income	(3)	(6)
Operating profit before changes in working capital	9,253	13,112
Changes in inventories	(1,147)	(2,802)
Changes in rights to recover returned goods	(1,284)	(741)
Changes in contract costs	28	(267)
Changes in trade and other receivables and prepayments	(5,271)	(3,637)
Changes in refund liabilities	2,569	1,496
Changes in trade and other payables	6,542	(2,820)
Changes in contract liabilities	(67)	1,039
Cash generated from operations	10,623	5,380
Tax paid	(899)	(2,666)
Tax refunded	310	48
Interest paid	(680)	(591)
Interest received	3	6
Net cash generated from operating activities	9,357	2,177
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	5,099	113
Dividend received from other investments	1	3
Acquisition of intangible assets	-	(15)
Acquisition of property, plant and equipment	(39)	(273)
Net cash generated from/(used in) investing activities	5,061	(172)

Notes:

- (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 2020 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX (6) MONTHS ENDED 28 FEBRUARY 2021 ⁽¹⁾ (CONT'D)

	Current Year-To-Date 28.02.2021 RM'000	Preceding Year-To-Date 29.02.2020 RM'000
Cash flows from financing activities		
Net (repayment)/drawdown of bankers' acceptances	(1,807)	3,966
Net (repayment)/addition of finance lease liabilities	(178)	3
Net repayment of term loans	(6,732)	(1,765)
Net repayment of lease liabilities	(405)	(510)
Interest paid	(277)	(656)
Net cash (used in)/generated from financing activities	(9,399)	1,038
Net increase in cash and cash equivalents	5,019	3,043
Cash and cash equivalents at beginning of the financial period	(12,495)	(9,626)
Cash and cash equivalents at end of the financial period	(7,476)	(6,583)

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

	Current Year-To-Date 28.02.2021 RM'000	Preceding Year-To-Date 29.02.2020 RM'000
Cash and bank balances	9,249	9,155
Deposit placed with a licensed bank	744	733
	9,993	9,888
Less : Deposits pledged	(631)	(621)
Bank overdrafts	(16,838)	(15,850)
	(7,476)	(6,583)

Notes:

- (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 2020 and the accompanying explanatory notes attached to these interim financial statements.

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

These interim financial statements provide an explanation of significant events and transactions that contributed to the changes in the financial position and performance of the Company and its subsidiaries (“the Group”) since the financial year ended 31 August 2020.

The significant accounting policies and methods of computation applied in these unaudited condensed interim financial statements are consistent with those adopted for the Audited Financial Statements of the Company for the financial year ended 31 August 2020, 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 2021

- Amendments to MFRS 4, *Insurance Contracts*, MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, and MFRS 16, *Leases - Interest Rate Benchmark Reform - Phase 2*

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

- Amendments to MFRS 16, *Leases - Covid-19-Related Rent Concessions*
- Amendments to MFRS 16, *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*, and MFRS 9 *Financial Instruments*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current*
- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)

A1. Accounting Policies and Basis of Preparation (cont'd)

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 initial application of the accounting standards, amendments or interpretations is not expected to have any material financial impact to the financial statements of the Group.

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 2020 were not qualified.

A3. Seasonality or Cyclicity of Operations

The Group's business operations are exposed to seasonality patterns as the Group generally experiences the highest quarterly sales in the second financial quarter (December to February) and lowest quarterly sales in the fourth financial quarter (June to August) in every financial year. This is primarily caused by the timing of the start of the academic year for national schools, which may adversely impact the Group's quarterly revenue, profit and cash flow.

Nevertheless, the Group takes the seasonality patterns into consideration in our cash flow planning. In addition, the Group has implemented strategies to reduce the seasonality patterns such as expanding our market shares for non-academic segment which is less prone to seasonality, and entering into new market segments.

A4. Unusual Items Affecting the Financial Statements

The World Health Organisation (WHO) declared COVID-19 a global pandemic on 11 March 2020. Following this, the Government of Malaysia had imposed a series of Movement Control Order ("MCO") pursuant to the Prevention and Control of Disease Act 1988 ("PCDA"), which resulted in major disruptions to the Company's business operations all round.

There were no significant items affecting the assets, liabilities, equity, net income, or cash flows of the Group that were unusual in nature, size or incidence during the current financial quarter.

A5. Changes in Estimates

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

A6. Debt and Equity Securities

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 eligible employees and executive directors of the Group effective from 1 September 2016. On 6 December 2019, the Company offered 10,000,000 options at an exercise price of RM0.17 each to its eligible employees under the ESOS. These options have expired on 5 December 2020 and none of the options granted were exercised.

On 17 February 2021, the Board of Directors have approved the extension of the ESOS which will be expiring on 31 August 2021, for a further period of five (5) years from 1 September 2021 to 31 August 2026. Of even date, the Company offered another 10,000,000 options at an exercise price of RM0.12 each to its eligible employees under the ESOS. None of the options granted under this tranche have been exercised as at the date of this report.

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)
A6. Debt and Equity Securities (cont’d)

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

No dividend was paid by the Company in the current financial quarter.

A8. Segment Information

Segmental information is presented by the Group in accordance with the Group’s operations and products to enable better monitoring and management, as well as clearer performance reporting.

Current financial quarter ended 28 February 2021

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter- segment elimination RM'000	Total RM'000
Revenue	23,326	729	227	(98)	24,184
Cost of sales	(12,147)	(550)	(106)	(115)	(12,918)
Gross profit/(loss)	11,179	179	121	(213)	11,266
Add/(Less):					
Other operating income					421
Distribution expenses					(1,662)
Administrative expenses					(3,749)
Other operating expenses					(300)
Results from operating activities					<u>5,976</u>

Current financial year-to-date ended 28 February 2021

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter- segment elimination RM'000	Total RM'000
Revenue	36,535	2,005	906	(775)	38,671
Cost of sales	(20,232)	(1,541)	(291)	382	(21,682)
Gross profit/(loss)	16,303	464	615	(393)	16,989
Add/(Less):					
Other operating income					803
Distribution expenses					(3,135)
Administrative expenses					(6,631)
Other operating expenses					(1,209)
Results from operating activities					<u>6,817</u>

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)
A8. Segment Information (cont'd)
Preceding financial year's corresponding quarter ended 29 February 2020

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	21,539	486	1,042	(106)	22,961
Cost of sales	(11,528)	(765)	(488)	56	(12,725)
Gross profit/(loss)	10,011	(279)	554	(50)	10,236
Add/(Less):					
Other operating income					114
Distribution expenses					(2,181)
Administrative expenses					(4,161)
Other operating expenses					(338)
Results from operating activities					3,670

Preceding financial year's corresponding year-to-date ended 29 February 2020

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	47,973	1,392	1,895	(554)	50,706
Cost of sales	(24,783)	(1,684)	(789)	354	(26,902)
Gross profit/(loss)	23,190	(292)	1,106	(200)	23,804
Add/(Less):					
Other operating income					225
Distribution expenses					(4,436)
Administrative expenses					(7,625)
Other operating expenses					(1,748)
Results from operating activities					10,220

Notes:

* Digital/Online and Technology-enabled Solutions and Network Marketing Business Division

^ Applied Learning Products ("ALP") and Science, Technology, Engineering and Mathematics ("STEM") Education Services Division



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SECOND QUARTER REPORT ENDED 28 FEBRUARY 2021

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)

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 is no material event 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

There were no changes in the composition of the Group during the current financial quarter.

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

There were no material changes in the Group's contingent liabilities since the last audited statement of financial position as at 31 August 2020.

Contingent Assets

The Group does not have any material contingent assets as at 28 February 2021.

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

B1. Review of Performance

Current Quarter ended 28 February 2021 against Preceding Financial Year's Corresponding Quarter ended 29 February 2020

The Group recorded a revenue of RM24.184 million for the current financial quarter as compared to RM22.961 million for the preceding financial year's corresponding quarter. This represents an increase of RM1.223 million (equivalent to 5.33%) mainly contributed by our Print Publishing Division, which showed an increase of RM1.787 million.

The increase in revenue was due to the delay in starting the new school term and rescheduled commencement of physical classes on a staggered basis during the current financial quarter, which resulted in book orders for the current academic year being delayed from the first quarter to the second quarter.

The Group recorded a profit before tax ("PBT") of RM5.536 million for the current financial quarter vis-à-vis a PBT of RM3.045 million for the preceding financial year's corresponding quarter. This represents an increase of RM2.491 million (equivalent to 81.81%) due to the higher revenue, coupled with the lower expenses incurred during the period as a result of various cost cutting measures implemented by the Group.

Current Financial Year-to-Date ended 28 February 2021 against Preceding Financial Year's Corresponding Year-to-date ended 29 February 2020

The Group recorded a revenue of RM38.671 million for the current financial year-to-date as compared to RM50.706 million for the preceding financial year-to-date, representing a decrease of RM12.035 million (equivalent to 23.73%), mainly attributable to Print Publishing Division, which showed a revenue decrease of RM11.438 million as our business operations have yet to recover fully from the impact of COVID-19. In addition, the delay in starting the new school term and physical classes as mentioned above have also resulted in the delay of book orders.

The Group recorded a PBT of RM5.812 million for the current financial year-to-date vis-a vis a PBT of RM8.922 million for the preceding financial year-to-date. This represents a decrease of RM3.110 million (equivalent to 34.86%) due to the lower revenue achieved. This was partly set-off by the lower expenses incurred during the period as a result of various cost cutting measures implemented by the Group.

B2. Variation of Results for the Current Financial Quarter ended 28 February 2021 against the Immediate Preceding Financial Quarter

	Current Quarter 28.02.2021 RM'000	Preceding Quarter 30.11.2020 RM'000	Change RM'000
Revenue	24,184	14,487	9,697
Profit Before Tax	<u>5,536</u>	<u>276</u>	<u>5,260</u>

The Group recorded a revenue of RM24.184 million for the current financial quarter as compared to RM14.487 million for the immediate preceding financial quarter, representing an increase of RM9.697 million (equivalent to 66.94%). The increase is mainly due to a higher revenue of RM23.326 million recorded by the Print Publishing Division as compared to RM13.209 million in the preceding quarter, due to the delay in starting the new school term as well as the rescheduled commencement of physical classes as mentioned above.

Similarly, the Group recorded a PBT of RM5.536 million for the current financial quarter as compared to a PBT of RM0.276 million for the immediate preceding financial quarter due to the higher revenue earned and cost cutting measures implemented.

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**B3. Group's Prospects for the financial year ending ("FYE") 31 August 2021**

The COVID-19 pandemic has presented significant challenges to the Group's operations during the financial year ended 31 August 2020. Although we expect the impact of the pandemic to be less adverse for this financial year ending 31 August 2021, we will remain vigilant while conducting the operations of the Group particularly in view of the uncertainties with regards to recent developments and the nation's vaccination progress.

During the course of this pandemic, we have seen the importance of incorporating digital elements into the teaching and learning processes. As such, under our print publishing segment, we have stepped up our efforts by offering a diverse range of educational products which combine both the conventional print media and digital solutions. We have been receiving an increase in demand for our hybrid print publishing products in the run-up to the new academic year and are expecting this trend to continue.

The demand for our English competency assessment product, Linguaskill by Cambridge Assessment English also continues to be well received by the institutions for higher learning especially during the new intake season for the 2021 academic year.

The Group has conducted a soft launch for our new online tuition platform, "Tutor2U". Through Tutor2U, students in Malaysia would be able to receive on-demand, e-tuition services from teachers across the country, as well as subscribe to an array of learning resources and videos prepared by teachers. The launch of this platform represents the Group's first step into the gig economy business and we are hopeful that it will be well received by both tutors and students.

Riding on the wave of the 10-year National Reading Decade 2021-2030 programme launched by the Minister of Education with the aim to transform Malaysia into a Reading Nation by 2030, the Group has launched a major series of CEFR English Readers with 200 titles targeting pre-schoolers and primary school year 1-3 students. We are optimistic in growing our share in the early childhood education market. Further to that, as a testament to the quality of the Group's products, 5 titles published by the Group won in multiple categories of the coveted *Anugerah Buku Malaysia 2020* awards presented by the Malaysian Book Publishers Association ("MABOPA") in conjunction with the Kuala Lumpur World Book Capital 2020 programme.

The Group aims to expand its market share going forward as we expect the market to consolidate further and our diverse range of products will be able to meet its diverse demands. The Group also aims to make bigger inroads into the digital education business with the launch of our Tutor2U online tuition platform by riding on the call to accelerate the digitalisation of the education system by the Prime Minister recently. We will continue to monitor our risk management strategies which include cost reduction measures and liquidity management. This would benefit the Group as it further strengthens its economies of scale and financial position. All things considered, we are hopeful about the Group's prospects for FYE 31 August 2021.

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)
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 profit before tax is arrived at after charging/(crediting):

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 28.02.2021 RM'000	Preceding Year Quarter 29.02.2020 RM'000	Current Year-To-Date 28.02.2021 RM'000	Preceding Year-To-Date 29.02.2020 RM'000
Amortisation of intangible assets	355	356	709	710
Depreciation on property, plant and equipment	449	504	904	1,061
Depreciation on investment properties	13	10	26	27
Depreciation on rights-of-use assets	229	239	464	477
Dividend income	-	-	(1)	(3)
Gain on disposal of property, plant and equipment	-	(14)	-	(83)
Share options vested under ESOS	500	400	500	400
Impairment loss on trade receivables	(438)	(361)	(167)	302
Finance costs	441	628	1,008	1,304
Finance income	(1)	(3)	(3)	(6)
Realised foreign exchange loss	5	4	5	5
Unrealised foreign exchange loss	1	-	1	1

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.

B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 28.02.2021 RM'000	Preceding Year Quarter 29.02.2020 RM'000	Current Year-To-Date 28.02.2021 RM'000	Preceding Year-To-Date 29.02.2020 RM'000
Current tax expense				
Current period	1,688	1,127	1,757	3,019
Prior period	-	23	-	23
	1,688	1,150	1,757	3,042
Deferred tax expense				
Current period	226	(107)	295	(143)
	1,914	1,043	2,052	2,899

The effective tax rate for the current financial quarter is higher than the statutory tax rate of 24% mainly due to certain expenses of the Group are not allowable for tax purposes.

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)
B7. Status of Corporate Proposals and Utilisation of Proceeds

i) Status of Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed at the date of this report:

(a) Proposed Private Placement

On 14 September 2020, the Company has announced that it will undertake a private placement of up to 42,909,850 new ordinary shares in Sasbadi Holdings Berhad ("Placement Shares"), representing ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company, at an issue price to be determined and announced later ("Proposed Private Placement"). Bursa Securities has, vide its letter dated 18 September 2020, approved the listing of and quotation for the Placement Shares subject to the certain conditions. Subsequently, Bursa Securities has, vide its letter dated 10 March 2021, approved an extension of time of six (6) months until 17 September 2021 for the Company to complete the Proposed Private Placement.

(b) Proposed Disposal of Property

Sasbadi Sdn Bhd, a wholly owned subsidiary of the Company, had on 17 August 2020 entered into a conditional sale and purchase agreement with KL Med Supplies (M) Sdn Bhd for the disposal of a parcel of leasehold industrial land held under H.S.(D) 283534, PT 12527, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor, measuring approximately 1,157.993 square meters (equivalent to 12,464.53 square feet) with a three (3) - storey factory building erected thereon, for a total cash consideration of RM7,150,000. The disposal has been completed on 6 April 2021.

ii) Utilisation of Proceeds

As at the date of this report, all proceeds from corporate proposals implemented by the Company in the past have been fully utilised.

B8. Loans and Borrowings

The Group's loans and borrowings as at 28 February 2021 were as follows:

	As at 28.02.2021 RM'000	As at 31.08.2020 RM'000
Non-current		
Finance lease liabilities	95	231
Term loans - secured	3,487	10,436
	<u>3,582</u>	<u>10,667</u>
Current		
Finance lease liabilities	103	145
Term loans - secured	4,064	3,847
Bank overdrafts - secured	16,838	18,094
Bankers' acceptances - secured	3,116	4,923
	<u>24,121</u>	<u>27,009</u>
	<u>27,703</u>	<u>37,676</u>

The above borrowings are denominated in Ringgit Malaysia.

B9. Material Litigation

There is no pending material litigation at the date of this report.



SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

SECOND QUARTER REPORT ENDED 28 FEBRUARY 2021

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B10. Dividend

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

B11. Earnings Per Share ("EPS")

i) Basic Earnings Per Share

The basic earnings per share for the current financial quarter is computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 28.02.2021 RM'000	Preceding Year Quarter 29.02.2020 RM'000	Current Year-To-Date 28.02.2021 RM'000	Preceding Year-To-Date 29.02.2020 RM'000
Net profit attributable to owners of the Company	3,622	2,002	3,760	6,023
Weighted average number of ordinary shares in issue ('000)	419,099	419,099	419,099	419,099
Basic earnings per ordinary share (sen)	0.86	0.48	0.90	1.44

ii) Diluted Earnings Per Share

Diluted earnings per share arising from the share options vested under ESOS of the Company is computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 28.02.2021 RM'000	Preceding Year Quarter 29.02.2020 RM'000	Current Year-To-Date 28.02.2021 RM'000	Preceding Year-To-Date 29.02.2020 RM'000
Net profit attributable to owners of the Company	3,622	2,002	3,760	6,023
Weighted average number of ordinary shares in issue ('000)	419,099	419,099	419,099	419,099
Effect of dilution due to ESOS ('000)	215	101	107	50
Adjusted weighted average number of ordinary shares ('000)	419,314	419,200	419,206	419,149
Diluted earnings per ordinary share (sen)	0.86	0.48	0.90	1.44

B12. Derivative Financial Instruments

The Group did not enter into any derivative financial instruments which were outstanding as at 28 February 2021.

By order of the Board
Kuala Lumpur
22 April 2021