



**SASBADI HOLDINGS BERHAD**

201201038178 (1022660-T)

Incorporated in Malaysia

FIRST QUARTER REPORT ENDED 30 NOVEMBER 2019

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2019 <sup>(1)</sup>**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.11.2019 RM'000	Preceding Year Quarter 30.11.2018 RM'000	Current Year-To-Date 30.11.2019 RM'000	Preceding Year-To-Date 30.11.2018 RM'000
<b>Revenue</b>	27,745	30,508	27,745	30,508
Cost of sales	(14,177)	(15,345)	(14,177)	(15,345)
<b>Gross profit</b>	13,568	15,163	13,568	15,163
Other operating income	111	62	111	62
Distribution expenses	(2,255)	(2,263)	(2,255)	(2,263)
Administrative expenses	(3,464)	(3,852)	(3,464)	(3,852)
Other operating expenses	(1,410)	(1,567)	(1,410)	(1,567)
<b>Results from operating activities</b>	6,550	7,543	6,550	7,543
Finance income	3	3	3	3
Finance costs	(676)	(913)	(676)	(913)
<b>Profit before tax</b>	5,877	6,633	5,877	6,633
Tax expense	(1,856)	(2,251)	(1,856)	(2,251)
<b>Net profit for the financial period</b>	4,021	4,382	4,021	4,382
<b>Other comprehensive income for the financial period, net of tax :</b>				
<b>Item that is or may be reclassified subsequently to profit or loss</b>				
Fair value of equity investments through other comprehensive income	5	(5)	5	(5)
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>	5	(5)	5	(5)
<b>Total comprehensive income for the financial period</b>	4,026	4,377	4,026	4,377
<b>Net profit for the financial period attributable to:</b>				
- Owners of the Company	4,021	4,382	4,021	4,382
- Non-controlling interests	-	-	-	-
	4,021	4,382	4,021	4,382
<b>Total comprehensive income attributable to :</b>				
- Owners of the Company	4,026	4,377	4,026	4,377
- Non-controlling interests	-	-	-	-
	4,026	4,377	4,026	4,377
<b>Earnings per share (sen) attributable to owners of the Company:</b>				
- Basic	0.96	1.05	0.96	1.05
- 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 2019 and the accompanying explanatory notes attached to these interim financial statements.

N/A Not applicable



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2019 <sup>(1)</sup>**

	Unaudited As at 30.11.2019 RM'000	Audited As at 31.08.2019 RM'000
<b>ASSETS</b>		
Property, plant and equipment	51,779	52,238
Rights-of-use assets	2,136	-
Investment properties	2,463	2,480
Intangible assets	24,717	25,056
Other investments	270	265
Deferred tax assets	1,504	1,426
<b>Total non-current assets</b>	<b>82,869</b>	<b>81,465</b>
Inventories	75,740	73,446
Rights to recover returned goods	2,376	2,035
Contract costs	362	381
Trade and other receivables	60,871	49,482
Current tax assets	2,508	2,945
Prepayments	4,103	4,271
Cash and cash equivalents	6,878	7,443
<b>Total current assets</b>	<b>152,838</b>	<b>140,003</b>
<b>Total assets</b>	<b>235,707</b>	<b>221,468</b>
<b>EQUITY</b>		
Share capital	108,210	108,210
Treasury shares	(1)	(1)
Reserves	50,759	46,733
<b>Total equity</b>	<b>158,968</b>	<b>154,942</b>
<b>LIABILITIES</b>		
Loans and borrowings	12,171	13,033
Lease liabilities	1,220	-
Deferred tax liabilities	8,317	8,275
<b>Total non-current liabilities</b>	<b>21,708</b>	<b>21,308</b>
Loans and borrowings	28,922	22,327
Lease liabilities	929	-
Refund liabilities	4,554	3,851
Trade and other payables	19,006	17,484
Contract liabilities	1,145	1,239
Current tax liabilities	475	317
<b>Total current liabilities</b>	<b>55,031</b>	<b>45,218</b>
<b>Total liabilities</b>	<b>76,739</b>	<b>66,526</b>
<b>Total equity and liabilities</b>	<b>235,707</b>	<b>221,468</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>0.38</b>	<b>0.37</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 2019 and the accompanying explanatory notes attached to these interim financial statements.*



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE (3) MONTHS ENDED 30 NOVEMBER 2019 <sup>(1)</sup>**

	<----- Non-distributable ----->					Distributable	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Merger deficit RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	
At 1 September 2019	108,210	(1)	(50,500)	(6)	22,484	74,755	154,942
Total comprehensive income for the financial period	-	-	-	5	-	4,021	4,026
Transactions with owners of the Company	-	-	-	-	-	-	-
<b>At 30 November 2019</b>	<b>108,210</b>	<b>(1)</b>	<b>(50,500)</b>	<b>(1)</b>	<b>22,484</b>	<b>78,776</b>	<b>158,968</b>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE (3) MONTHS ENDED 30 NOVEMBER 2019 (1)**

	<----- Non-distributable ----->					Distributable	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Merger deficit RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	
<b>At 31 August 2018, as previously reported</b>	108,210	(1)	(50,500)	(25)	22,484	76,099	156,267
- Effects of adopting MFRS 9 and MFRS 15	-	-	-	-	-	(4,469)	(4,469)
<b>Balance as at 1 September 2018, restated</b>	108,210	(1)	(50,500)	(25)	22,484	71,630	151,798
<b>Total comprehensive income for the financial period</b>	-	-	-	(5)	-	4,382	4,377
<b>Transactions with owners of the Company</b>	-	-	-	-	-	-	-
<b>At 30 November 2018</b>	108,210	(1)	(50,500)	(30)	22,484	76,012	156,175

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



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE (3) MONTHS ENDED 30 NOVEMBER 2019 <sup>(1)</sup>**

	<b>Current Year-To-Date 30.11.2019 RM'000</b>	<b>Preceding Year-To-Date 30.11.2018 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	5,877	6,633
Adjustments for:		
Amortisation of intangible assets	354	346
Depreciation of property, plant and equipment	557	604
Depreciation of investment properties	17	14
Depreciation of rights-of-use assets	238	-
Dividend income	(3)	(3)
Impairment loss on trade receivables	663	958
Gain on disposal of property, plant and equipment	(69)	-
Unrealised foreign exchange (gain)/loss	1	-
Finance costs	676	913
Finance income	(3)	(3)
Operating profit before changes in working capital	<u>8,308</u>	<u>9,462</u>
Changes in inventories	(2,294)	(1,256)
Changes in rights to recover returned goods	(341)	(1,375)
Changes in contract costs	19	45
Changes in trade and other receivables and prepayments	(11,885)	(14,927)
Changes in refund liabilities	703	2,690
Changes in trade and other payables	1,522	(49)
Changes in contract liabilities	(94)	(130)
Cash used in operations	<u>(4,062)</u>	<u>(5,540)</u>
Tax paid	(1,345)	(1,575)
Tax refunded	48	-
Interest paid	(398)	(573)
Interest received	<u>3</u>	<u>3</u>
Net cash used in operating activities	<u>(5,754)</u>	<u>(7,685)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	94	-
Dividend received from other investments	3	3
Acquisition of intangible assets	(15)	-
Acquisition of property, plant and equipment	<u>(123)</u>	<u>(184)</u>
Net cash used in investing activities	<u>(41)</u>	<u>(181)</u>
<b>Cash flows from financing activities</b>		
Net drawdown of bankers' acceptances	5,329	5,860
Repayment of finance lease liabilities	(27)	(8)
Repayment of term loans	(889)	(2,184)
Proceeds from term loan	-	1,346
Payment of lease liabilities	(254)	-
Interest paid	<u>(249)</u>	<u>(340)</u>
Net cash generated from financing activities	<u>3,910</u>	<u>4,674</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(1,885)</u>	<u>(3,192)</u>
<b>Cash and cash equivalents at beginning of the financial year</b>	<u>(9,626)</u>	<u>(14,012)</u>
<b>Cash and cash equivalents at end of the financial year</b>	<u>(11,511)</u>	<u>(17,204)</u>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE (3) MONTHS ENDED 30 NOVEMBER 2019 (1)**

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

	<b>Current Year-To-Date 30.11.2019 RM'000</b>	<b>Preceding Year-To-Date 30.11.2018 RM'000</b>
Cash and bank balances	6,145	4,695
Deposit placed with a licensed bank	733	718
	<u>6,878</u>	<u>5,413</u>
Less : Deposits pledged	(621)	(606)
Bank overdrafts	<u>(17,768)</u>	<u>(22,011)</u>
	<u>(11,511)</u>	<u>(17,204)</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 2019 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 2019 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 2019.

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 2019, 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 2020***

- . Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- . Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- . Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures - Interest Rate Benchmark Reform*

#### ***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 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 impact to the financial statements of the Group except for MFRS 16.

#### **MFRS 16, Leases**

The Group has adopted from 1 September 2019, MFRS 16, which 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*.



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MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has applied the modified retrospective method permitted under MFRS 16. Accordingly, the comparative information for 2019 has not been restated, i.e. it is presented, as previously reported, under MFRS 117 and related interpretations.

As a lessee, the Group leases various assets, including properties, printing and photocopy machines. These had been previously classified as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under MFRS 16, the Group recognises separately the rights-of-use assets in 'Non-Current Assets' and lease liabilities for most leases in 'Liabilities: Non-Current and Current' in the Statement of Financial Position.

Under the practical expedients of applying MFRS 16, the Group has elected not to recognise rights-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and some leases of low-value assets (e.g. printing and photocopy machines). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group has also used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

In summary, the adoption impact to the opening balances are as follows:

**Statement of Financial Position**

	31.8.19 RM'000	MFRS 16 adjustments RM'000	1.9.2019 RM'000
<b>Assets</b>			
Rights-of-use assets	-	2,374	2,374
<b>Liabilities</b>			
Liabilities - non-current	-	1,458	1,458
Liabilities - current	-	916	916
Impact to liabilities	-	2,374	2,374

The rights-of-use assets represent the remaining rights to use the underlying asset during the lease term. The rights-of-use assets are recognised at the commencement date and are measured at cost less accumulated depreciation and impairment losses if any, and adjusted for any re-measurement of the lease liability.

The lease liabilities are measured at present value of the lease payments that are not paid at 1 September 2019 using its incremental borrowing rate. Subsequently, the lease liabilities are adjusted for interest and lease payments, as well as the impact of lease modifications if any.

As a result of initially applying MFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised RM2,136,000 of rights-of-use assets and RM2,149,000 of lease liabilities as at 30 November 2019.

Also, in relation to those leases under MFRS 16, the Group has recognised depreciation and finance costs, instead of operating lease expense. During the 3 months ended 30 November 2019, the Group recognised RM238,000 of depreciation charges and RM29,000 of finance costs from these leases.





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### **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 2019 were not qualified.

### **A3. Seasonality or Cyclicity of Operations**

The Group's business operations are exposed to seasonality patterns as the Group generally experiences higher quarterly sales in the second financial quarter (December to February) and lower quarterly sales in the fourth financial quarter (June to August) compared to the other two (2) 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. 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**

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.

### **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**

#### (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. 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.

#### (ii) Repurchase of Shares

The Company did not repurchase any of its own shares from the open market during the current financial quarter.

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.



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**A8. Segment Information**

Segmental information is presented by the Group in accordance with the Group's operations and products, to provide for better monitoring and management, and clearer performance reporting.

**Current financial quarter/year-to-date ended 30 November 2019**

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
<b>Revenue</b>	26,434	906	853	(448)	27,745
Cost of sales	(13,255)	(919)	(301)	298	(14,177)
Gross profit	<u>13,179</u>	<u>(13)</u>	<u>552</u>	<u>(150)</u>	<u>13,568</u>
<b>Add/(Less):</b>					
Other operating income					111
Distribution expenses					(2,255)
Administrative expenses					(3,464)
Other operating expenses					<u>(1,410)</u>
<b>Results from operating activities</b>					<u><u>6,550</u></u>

**Preceding financial year's corresponding quarter/year-to-date ended 30 November 2019**

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
<b>Revenue</b>	28,645	1,300	1,040	(477)	30,508
Cost of sales	(14,033)	(1,197)	(442)	327	(15,345)
Gross profit	<u>14,612</u>	<u>103</u>	<u>598</u>	<u>(150)</u>	<u>15,163</u>
<b>Add/(Less):</b>					
Other operating income					62
Distribution expenses					(2,263)
Administrative expenses					(3,852)
Other operating expenses					<u>(1,567)</u>
<b>Results from operating activities</b>					<u><u>7,543</u></u>

**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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### **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**

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

### **A12. Capital Commitments**

Capital commitments of the Group in respect of property, plant and equipment not provided for as of 30 November 2019 are as follows:

	<b>RM'000</b>
Approved and contracted for	1,890
Approved but not contracted for	-

### **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 2019.

#### Contingent Assets

The Group does not have any material contingent assets as at 30 November 2019.



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

**B1. Review of Performance**

**Current Quarter ended 30 November 2019 against Preceding Financial Year's Corresponding Quarter/Year-to-date ended 30 November 2018**

The Group recorded a revenue of RM27.745 million for the current financial quarter as compared to RM30.508 million for the preceding financial year's corresponding quarter. This represents a decrease of RM2.763 million (equivalent to 9.06%), affected by our Print Publishing Division, which shown a slight decrease of RM2.211 million from RM28.645 million to RM26.434 million (equivalent to 7.72%).

The decrease in the contribution from the Print Publishing Division was mainly due to lower contribution from textbooks contracts with the Ministry of Education ("MoE"), which decreased from RM9.073 million in the preceding financial year's corresponding quarter to RM3.834 million in the current financial quarter, representing a decrease of RM5.239 million. Despite having won an equal number of six (6) new textbook contracts from the Ministry of Education ("MoE") for this financial year, the individual as well as cumulative value of these contracts are significantly lower as compared to the contracts obtained in the previous financial year. However, the decrease in the contribution from the textbook contracts was partially off-set by better performance from the academic book sales.

The Group recorded a profit before tax ("PBT") of RM5.877 million for the current financial quarter vis-à-vis RM6.633 million for the preceding financial year's corresponding quarter. The decrease in the PBT by RM0.759 million (equivalent to 11.40%) is in line with the decrease in revenue above.

**B2. Variation of Results for the Current Financial Quarter ended 30 November 2019 against the Immediate Preceding Financial Quarter**

	<b>Current Quarter 30.11.2019 RM'000</b>	<b>Preceding Quarter 31.08.2019 RM'000</b>	<b>Change RM'000</b>
Revenue	27,745	15,097	12,648
Profit Before Tax	5,877	(5,888)	11,765

The Group recorded a revenue of RM27.745 million for the current financial quarter as compared to RM15.097 million for the immediate preceding financial quarter, representing an increase of RM12.648 million (equivalent to 83.78%). The significant increase in revenue was due to the immediate preceding financial quarter being a seasonally weak financial quarter as explained in Note A3.

Similarly, the Group recorded a significant increase in PBT of RM11.765 million, from a loss before tax ("LBT") of RM5.888 million in the immediate preceding financial quarter to a PBT of RM5.877 million for the current financial quarter due to supply of textbooks to the MoE, better academic book sales and lower expenses incurred for the current financial quarter. The LBT recorded by the Group for the immediate preceding financial quarter was also partly attributed to the provision for impairment of inventories of RM2.996 million.



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### **B3. Group's Prospects for the financial year ending ("FYE") 31 August 2020**

Based on the Economic Outlook 2020 report by the Ministry of Finance, Malaysia's real gross domestic product ("GDP") is expected to grow by 4.8% in 2020 underpinned by resilient domestic demand. Private sector expenditure continues to be the primary driver of growth with private investment and consumption growing 2.1% and 6.9%, respectively. Meanwhile, public sector expenditure is expected to rebound to positive growth of 0.8% largely driven by an acceleration of projects towards the tail-end of the Eleventh Malaysia Plan coupled with the revival of strategic projects. The economy will continue to operate under conditions of full employment with an unemployment rate of 3.3%, while inflation remains benign. Notwithstanding the above, we anticipate that the retail market conditions will continue to remain challenging for FYE 31 August 2020.

For FYE 31 August 2020, the Group hopes to pursue further growth through our English upskilling products i.e. the Cambridge Assessment English Linguaskill and New York City English program. Both these products aim to contribute to a new revenue stream for the Group by targeting a new segment i.e. the adult market. We expect the demand for English upskilling products to increase due to the fast changing and competitive nature of the job market. Being fully digital and highly functional, both products would be able to meet the diverse demands of the market today.

We also expect to see significant improvement for our direct selling business during the FYE 31 August 2020. The Group will continue to pursue growth through product enhancement and business plan refinement. In addition, our flag-ship product, i-LEARN Ace, has been enhanced with new features to meet the dynamic needs of students and teachers today. We believe that the 5G technology on the horizon will be a catalyst to new opportunities for our digital business.

The Group will continue to focus on growing the non-academic print publication segment and hopes to ride on the wave of the ongoing 10-year National Reading Decade 2021-2030 programme launched by the Minister of Education with the aim of transforming Malaysia into a Reading Nation by 2030.

We will also continue to pursue growth through the rights licensing and book export market as the Group sees much potential in these relatively untapped markets, as well as continue to monitor the changes in the market closely to make timely responses by leveraging on our readily available resources.

Premised on the above and barring any unforeseen circumstances, the Group is optimistic about our prospects and performance for FYE 31 August 2020.

### **B4. Variance of Profit Forecast**

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



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### 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 30.11.2019 RM'000	Preceding Year Quarter 30.11.2018 RM'000	Current Year-To-Date 30.11.2019 RM'000	Preceding Year-To-Date 30.11.2018 RM'000
Amortisation of intangible assets	354	346	354	346
Depreciation on property, plant and equipment	557	604	557	604
Depreciation on investment properties	17	14	17	14
Depreciation on rights-of-use assets	238	-	238	-
Dividend income	(3)	(3)	(3)	(3)
Gain on disposal of property, plant and equipment	(69)	-	(69)	-
Impairment loss on trade receivables	663	958	663	958
Finance costs	676	913	676	913
Finance income	(3)	(3)	(3)	(3)
Realised foreign exchange (gain)/loss	1	(8)	1	(8)
Unrealised foreign exchange (gain)/loss	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 30.11.2019 RM'000	Preceding Year Quarter 30.11.2018 RM'000	Current Year-To-Date 30.11.2019 RM'000	Preceding Year-To-Date 30.11.2018 RM'000
<b>Current tax expense</b>				
- Current period	1,892	2,596	1,892	2,596
<b>Deferred tax expense</b>				
- Current period	(36)	(313)	(36)	(313)
- Prior period	-	(32)	-	(32)
	(36)	(345)	(36)	(345)
<b>Total tax expense</b>	<b>1,856</b>	<b>2,251</b>	<b>1,856</b>	<b>2,251</b>

The effective tax rate for the current financial quarter 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 are 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 30 November 2019 were as follows:

	As at 30.11.2019 RM'000	As at 31.08.2019 RM'000
<b>Non-current</b>		
Finance lease liabilities	201	228
Term loans - secured	11,970	12,805
	<u>12,171</u>	<u>13,033</u>
<b>Current</b>		
Finance lease liabilities	110	110
Term loans - secured	3,791	3,845
Bank overdrafts - secured	17,768	16,448
Bankers' acceptances - secured	7,253	1,924
	<u>28,922</u>	<u>22,327</u>
	<u>41,093</u>	<u>35,360</u>

The above borrowings are denominated in Ringgit Malaysia.

**B9. Material Litigation**

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

**B10. Dividend**

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

**B11. Earnings Per Share**

(a) 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 30.11.2019 RM'000	Preceding Year Quarter 30.11.2018 RM'000	Current Year-To-Date 30.11.2019 RM'000	Preceding Year-To-Date 30.11.2018 RM'000
Net profit attributable to owners of the Company	4,021	4,382	4,021	4,382
Weighted average number of ordinary shares in issue ('000)	419,099	419,099	419,099	419,099
Basic earnings per ordinary share (sen)	<u>0.96</u>	<u>1.05</u>	<u>0.96</u>	<u>1.05</u>

(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.



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**B12. Derivative Financial Instruments**

The Group did not enter into any derivative financial instruments which were outstanding as at 30 November 2019.

By order of the Board  
Kuala Lumpur  
21 January 2020