



SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

FOURTH QUARTER REPORT ENDED 31 AUGUST 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 AUGUST 2020⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.08.2020 RM'000	Preceding Year Quarter 31.08.2019 RM'000	Current Year-To-Date 31.08.2020 RM'000	Preceding Year-To-Date 31.08.2019 RM'000
Revenue	6,788	15,097	62,440	87,727
Cost of sales	(10,647)	(14,112)	(46,473)	(51,373)
Gross profit/(loss)	(3,859)	985	15,967	36,354
Other operating income	1,037	139	1,575	460
Distribution expenses	(1,272)	(2,277)	(7,226)	(9,088)
Administrative expenses	(2,699)	(3,203)	(12,944)	(14,443)
Other operating expenses	(556)	(900)	(4,601)	(3,551)
Results from operating activities	(7,349)	(5,256)	(7,229)	9,732
Finance income	157	17	204	26
Finance costs	(475)	(649)	(2,279)	(2,882)
Profit/(Loss) before tax	(7,667)	(5,888)	(9,304)	6,876
Taxation	1,463	506	352	(3,612)
Net profit/(loss) for the financial period	(6,204)	(5,382)	(8,952)	3,264
Other comprehensive income/(loss) for the financial period, net of tax :				
Item that will not be reclassified subsequently to profit or loss				
Reversal of revaluation reserve	(310)	-	(310)	-
Item that is or may be reclassified subsequently to profit or loss				
Fair value of equity investments through other comprehensive income	(5)	(12)	(38)	19
Other comprehensive income/(loss) for the financial period, net of tax	(315)	(12)	(348)	19
Total comprehensive income/(loss) for the financial period	(6,519)	(5,394)	(9,300)	3,283
Net profit/(loss) for the financial period attributable to:				
- Owners of the Company	(6,204)	(5,382)	(8,952)	3,264
- Non-controlling interests	-	-	-	-
	(6,204)	(5,382)	(8,952)	3,264
Total comprehensive income/(loss) attributable to:				
- Owners of the Company	(6,519)	(5,394)	(9,300)	3,283
- Non-controlling interests	-	-	-	-
	(6,519)	(5,394)	(9,300)	3,283
Earnings/(Loss) per share (sen) attributable to owners of the Company:				
- Basic	(1.48)	(1.28)	(2.14)	0.78
- Diluted	(1.48)	N/A	(2.14)	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



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2020⁽¹⁾

	Unaudited As at 31.08.2020 RM'000	Audited As at 31.08.2019 RM'000
ASSETS		
Property, plant and equipment	44,965	52,238
Rights-of-use assets	2,025	-
Investment properties	2,426	2,480
Intangible assets	23,652	25,056
Other investments	227	265
Deferred tax assets	1,396	1,426
Total non-current assets	74,691	81,465
Inventories	69,387	73,446
Rights to recover returned goods	1,283	2,035
Contract costs	597	381
Trade and other receivables	40,444	49,482
Current tax assets	5,521	2,945
Prepayments	4,619	4,271
Cash and cash equivalents	6,246	7,443
Total current assets	128,097	140,003
Asset classified as held for sale	6,998	-
Total assets	209,786	221,468
EQUITY		
Share capital	108,210	108,210
Treasury shares	(1)	(1)
Reserves	37,833	46,733
Total equity	146,042	154,942
LIABILITIES		
Loans and borrowings	10,700	13,033
Lease liabilities	887	-
Deferred tax liabilities	7,332	8,275
Total non-current liabilities	18,919	21,308
Loans and borrowings	26,814	22,327
Lease liabilities	1,190	-
Refund liabilities	2,414	3,851
Trade and other payables	12,467	17,484
Contract liabilities	1,940	1,239
Current tax liabilities	-	317
Total current liabilities	44,825	45,218
Total liabilities	63,744	66,526
Total equity and liabilities	209,786	221,468
Net assets per share attributable to owners of the Company (RM)	0.35	0.37

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



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2020 ⁽¹⁾

	<----- Non-distributable ----->						Distributable	Total equity RM'000
	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	
At 01 September 2019	108,210	(1)	-	(50,500)	(6)	22,484	74,755	154,942
Total comprehensive income for the financial period	-	-	-	-	(38)	(310)	(8,952)	(9,300)
Transaction with owners of the Company								
Share options vested under ESOS	-	-	400	-	-	-	-	400
At 31 August 2020	108,210	(1)	400	(50,500)	(44)	22,174	65,803	146,042
At 31 August 2018, as previously reported	108,210	(1)	-	(50,500)	(25)	22,484	76,099	156,267
- Effects of adopting MFRS 9 and MFRS 15	-	-	-	-	-	-	(4,608)	(4,608)
Balance as at 01.09.2018, restated	108,210	(1)	-	(50,500)	(25)	22,484	71,491	151,659
Total comprehensive income for the financial period	-	-	-	-	19	-	3,264	3,283
At 31 August 2019	108,210	(1)	-	(50,500)	(6)	22,484	74,755	154,942

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 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 TWELVE (12) MONTHS ENDED 31 AUGUST 2020⁽¹⁾

	Current Year-To-Date 31.08.2020 RM'000	Preceding Year-To-Date 31.08.2019 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	(9,304)	6,876
Adjustments for:		
Amortisation of intangible assets	1,420	1,407
Depreciation of property, plant and equipment	2,059	2,335
Depreciation of investment properties	54	52
Depreciation of rights-of-use assets	706	-
Dividend income	(5)	(7)
Provision of inventories write-down	5,327	2,996
Write-off of property, plant and equipment	-	180
Impairment loss on property, plant and equipment	346	-
Impairment loss on trade receivables	1,649	482
Reversal of impairment loss on trade receivables	(501)	-
Gain on disposal of property, plant and equipment	(132)	(108)
Unrealised foreign exchange loss/(gain)	1	(10)
Share options vested under ESOS	400	-
Finance costs	2,279	2,882
Finance income	(204)	(26)
Operating profit before changes in working capital	4,095	17,059
Changes in inventories	(1,268)	(2,980)
Changes in rights to recover returned goods	752	(778)
Changes in contract costs	(216)	651
Changes in trade and other receivables and prepayments	6,042	1,116
Changes in refund liabilities	(1,437)	1,502
Changes in trade and other payables	(5,018)	(1,498)
Changes in contract liabilities	701	(1,803)
Cash generated from operations	3,651	13,269
Tax paid	(4,243)	(5,164)
Tax refunded	887	4,410
Interest paid	(1,334)	(1,492)
Interest received	204	26
Net cash (used in)/generated from operating activities	(835)	11,049
Cash flows from investing activities		
Change in pledged deposits	-	(15)
Proceeds from disposal of property, plant and equipment	160	110
Dividend received from other investments	5	7
Acquisition of intangible assets	(16)	(388)
Acquisition of property, plant and equipment	(1,066)	(538)
Net cash used in investing activities	(917)	(824)

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 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 TWELVE (12) MONTHS ENDED 31 AUGUST 2020 ⁽¹⁾ (CONT'D)

	Current Year-To-Date 31.08.2020 RM'000	Preceding Year-To-Date 31.08.2019 RM'000
Cash flows from financing activities		
Net drawdown of bankers' acceptances	2,836	(614)
Net drawdown/(repayment) of finance lease liabilities	38	(40)
Repayment of term loans	(2,367)	(3,795)
Payment of lease liabilities	(733)	-
Interest paid	(866)	(1,390)
Net cash used in financing activities	<u>(1,092)</u>	<u>(5,839)</u>
Net (decrease)/increase in cash and cash equivalents	(2,844)	4,386
Cash and cash equivalents at beginning of the financial period	(9,626)	(14,012)
Cash and cash equivalents at end of the financial period	<u>(12,470)</u>	<u>(9,626)</u>

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

	Current Year-To-Date 31.08.2020 RM'000	Preceding Year-To-Date 31.08.2019 RM'000
Cash and bank balances	5,502	6,710
Deposit placed with a licensed bank	744	733
	<u>6,246</u>	<u>7,443</u>
Less : Deposits pledged	(621)	(621)
Bank overdrafts	(18,095)	(16,448)
	<u>(12,470)</u>	<u>(9,626)</u>

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 2019 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 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 June 2020

- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions*

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

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

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*



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 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current*

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 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*.

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

	31.08.2019	MFRS 16 adjustments	01.09.2019
	RM'000	RM'000	RM'000
Assets			
Rights-of-use assets	-	2,731	2,731
Liabilities			
Liabilities - non-current	-	1,815	1,815
Liabilities - current	-	916	916
Impact to liabilities	-	2,731	2,731



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)

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 RM2,025,000 of rights-of-use assets and RM2,077,000 of lease liabilities as at 31 August 2020.

Also, in relation to those leases under MFRS 16, the Group has recognised depreciation and finance costs, instead of operating lease expense. During the twelve (12) months ended 31 August 2020, the Group recognised RM706,000 of depreciation charges and RM79,000 of finance costs from these leases.

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 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 are unusual because of their nature, size and incidence during the current financial quarter except for the Group’s proposed disposal of a parcel of leasehold with a three (3) – storey factory building erected thereon (“Property”), as disclosed in Note B7. The Property is shown as “Asset classified as held-for-sale” in the financial statements as at 31 August 2020.



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

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 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. None of the ESOS has been exercised during the financial year.

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

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 ended 31 August 2020

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter- segment elimination RM'000	Total RM'000
Revenue	7,052	1,322	443	(2,029)	6,788
Cost of sales	(11,078)	(1,299)	(234)	1,964	(10,647)
Gross profit/(loss)	<u>(4,026)</u>	<u>23</u>	<u>209</u>	<u>(65)</u>	<u>(3,859)</u>
Add/(Less):					
Other operating income					1,037
Distribution expenses					(1,272)
Administrative expenses					(2,699)
Other operating expenses					(556)
Results from operating activities					<u>(7,349)</u>

Current financial year-to-date ended 31 August 2020

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter- segment elimination RM'000	Total RM'000
Revenue	58,453	4,489	2,729	(3,231)	62,440
Cost of sales	(43,490)	(4,711)	(1,218)	2,946	(46,473)
Gross profit/(loss)	<u>14,963</u>	<u>(222)</u>	<u>1,511</u>	<u>(285)</u>	<u>15,967</u>
Add/(Less):					
Other operating income					1,575
Distribution expenses					(7,226)
Administrative expenses					(12,944)
Other operating expenses					(4,601)
Results from operating activities					<u>(7,229)</u>



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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 31 August 2019

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	11,564	2,709	1,333	(509)	15,097
Cost of sales	(11,974)	(1,939)	(523)	324	(14,112)
Gross profit/(loss)	(410)	770	810	(185)	985
Add/(Less):					
Other operating income					139
Distribution expenses					(2,277)
Administrative expenses					(3,203)
Other operating expenses					(900)
Results from operating activities					(5,256)

Preceding financial year's corresponding year-to-date ended 31 August 2019

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	79,063	6,734	4,839	(2,909)	87,727
Cost of sales	(47,375)	(4,279)	(2,028)	2,309	(51,373)
Gross profit/(loss)	31,688	2,455	2,811	(600)	36,354
Add/(Less):					
Other operating income					460
Distribution expenses					(9,088)
Administrative expenses					(14,443)
Other operating expenses					(3,551)
Results from operating activities					9,732

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



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 2019.

Contingent Assets

The Group does not have any material contingent assets as at 31 August 2020.



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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 31 August 2020 against Preceding Financial Year's Corresponding Quarter ended 31 August 2019

The Group recorded a revenue of RM6.788 million for the current financial quarter as compared to RM15.097 million for the preceding financial year's corresponding quarter. This represents a decrease of RM8.309 million (equivalent to 55.04%) across all our segments, in particular the Print Publishing Division, which showed a decrease of RM4.512 million.

The significant drop in revenue was due to the slow economic recovery arising from the closure of schools during the first half of the current financial quarter and decline in retail activities since the MCO was lifted.

The Group recorded a loss before tax ("LBT") of RM7.667 million for the current financial quarter vis-à-vis a LBT of RM5.888 million for the preceding financial year's corresponding quarter due to lower revenue achieved, but this was partially set-off by 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 31 August 2020 against Preceding Financial Year's Corresponding Year-to-Date ended 31 August 2019

The Group recorded a revenue of RM62.440 million for the current financial year-to-date as compared to RM87.727 million for the preceding financial year-to-date, representing a decrease of RM25.287 million (equivalent to 28.82%) across all our segments, in particular the Print Publishing Division, which showed a decrease of RM20.610 million.

The Group recorded a LBT of RM9.304 million for the current financial year-to-date vis-a vis a profit before tax ("PBT") of RM6.876 million for the preceding financial year-to-date.

The decrease in revenue and PBT were mainly attributed to the imposition of MCO over an extended period and decline in retail activities since the MCO was lifted. The current year-to-date's results were also affected by higher provision of inventories write down and general provision of impairment loss on trade receivables (calculated based on MFRS 9) of RM5.327 million and RM1.649 million respectively as compared to RM2.996 million and RM0.482 million respectively in the preceding financial year. These were partly set-off by the lower expenses incurred during the financial year as a result of various cost cutting measures implemented by the Group.

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B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**B2. Variation of Results for the Current Financial Quarter ended 31 August 2020 against the Immediate Preceding Financial Quarter**

	Current Quarter 31.08.2020 RM'000	Preceding Quarter 31.05.2020 RM'000	Change RM'000
Revenue	6,788	4,946	1,842
Profit/(Loss) Before Tax	<u>(7,667)</u>	<u>(10,559)</u>	2,892

The Group recorded a revenue of RM6.788 million for the current financial quarter as compared to RM4.946 million for the immediate preceding financial quarter, representing an increase of RM1.842 million (equivalent to 37.24%). The increase arose mainly from the effect of the resumption of operations of the Group post MCO, which was declared in the previous financial quarter.

The Group recorded a loss before tax ("LBT") of RM7.667 million for the current financial quarter as compared to a LBT of RM10.559 million for the immediate preceding financial quarter due to higher revenue earned, lower provision of inventories write down and lower general provision of impairment loss on trade receivables of RM1.555 million and RM0.021 million respectively as compared to RM3.772 million and RM1.326 million respectively in the immediate preceding quarter.

B3. Group's Prospects for the financial year ending ("FYE") 31 August 2021

The imposition of a series of MCO over an extended period due to the COVID-19 pandemic has significantly impacted the fabric of our country's economy. This is reflected by the sluggish recovery reported by various industries, particularly the retail sector, despite the declaration of the Recovery Movement Control Order ("RMCO"), replacing the Conditional Movement Control Order ("CMCO") on 9 June 2020. As a result of that, the Company did not experience a strong recovery and the anticipated sustained pent-up demand did not materialise.

However, with the reopening of schools the Group has been able to visit schools to promote a range of new products targeting classroom-based assessments and the upcoming SPM and STPM examinations. The Group hopes to gain a bigger market share by offering a diverse range of educational materials that include both the conventional print publishing products and digital education solutions. The Group hopes such promotions will lead to a better recovery and generate better sales for the new academic year season.

Going forward the Group will continue to allocate more resources to the digital solutions segment in anticipation of a greater uptake rates due to the yet to be resolved COVID-19 pandemic. The Group's collaboration with Huawei is continuing and new opportunities and initiatives are being developed as we move along. We remain hopeful that the catalytic effect on digital solutions created by the MCO will help the Group to achieve higher growth for the digital segment going forward.



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B3. Group's Prospects for the financial year ending ("FYE") 31 August 2021 (cont'd)

We also hope that the demand for the Cambridge Assessment English Linguaskill will continue to pick up as it has been accepted by the Ministry of Education in October 2020 as one of the approved English competency tests to assess the readiness of English teachers in Malaysia with the Common European Framework of Reference for Languages ("CEFR"). In August 2020, Linguaskill also received recognition from the Ministry of Higher Learning ("MOHE"), Malaysian Qualifications Agency ("MQA") and Education Malaysia Global Services ("EMGS") as an official English competency test for university admission and benchmarking. This means that Malaysian and international students may now take Linguaskill to enroll into institutions of higher learning in Malaysia. International students may also take Linguaskill for student visa applications via EMGS.

The Group remains confident that our diverse range of products will be able to meet the diverse demands of the current situation. All things considered, we are conservatively optimistic about the Group's prospects for FYE 31 August 2021 despite these challenging times.

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 31.08.2020 RM'000	Preceding Year Quarter 31.08.2019 RM'000	Current Year-To-Date 31.08.2020 RM'000	Preceding Year-To-Date 31.08.2019 RM'000
Amortisation of intangible assets	355	355	1,420	1,407
Depreciation on property, plant and equipment	471	572	2,059	2,335
Depreciation on investment properties	13	12	54	52
Depreciation on rights-of-use assets	(13)	-	706	-
Dividend income	-	(2)	(5)	(7)
Gain on disposal of property, plant and equipment	(49)	(3)	(132)	(108)
Write-off of property, plant and equipment (Reversal)/Impairment loss on property, plant and equipment	(9)	-	346	-
Reversal of impairment loss on trade receivables	(501)	-	(501)	-
Impairment loss on trade receivables	21	(209)	1,649	482
Provision of inventories write-down	1,555	2,996	5,327	2,996
Finance costs	475	649	2,279	2,882
Finance income	(157)	(17)	(204)	(26)
Realised foreign exchange loss	-	42	5	33
Unrealised foreign exchange (gain)/loss	-	(10)	1	(10)

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 31.08.2020 RM'000	Preceding Year Quarter 31.08.2019 RM'000	Current Year-To-Date 31.08.2020 RM'000	Preceding Year-To-Date 31.08.2019 RM'000
Current tax expense				
Current period	(688)	(1,109)	413	3,132
Prior period	23	(1,092)	50	(1,109)
	(665)	(2,201)	463	2,023
Deferred tax expense				
Current period	(798)	223	(815)	149
Prior period	-	1,472	-	1,440
	(798)	1,695	(815)	1,589
	(1,463)	(506)	(352)	3,612

The effective tax rate for the current financial quarter is lower than the statutory tax rate of 24% mainly due to lower taxable income.

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. The Proposed Private Placement is currently pending completion.

(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 proposal is currently pending completion.

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.

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B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**B8. Loans and Borrowings**

The Group's loans and borrowings as at 31 August 2020 were as follows:

	As at 31.08.2020 RM'000	As at 31.08.2019 RM'000
Non-current		
Finance lease liabilities	264	228
Term loans - secured	10,436	12,805
	<u>10,700</u>	<u>13,033</u>
Current		
Finance lease liabilities	112	110
Term loans - secured	3,847	3,845
Bank overdrafts - secured	18,095	16,448
Bankers' acceptances - secured	4,760	1,924
	<u>26,814</u>	<u>22,327</u>
	<u>37,514</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.



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

B11. Earnings Per Share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.08.2020 RM'000	Preceding Year Quarter 31.08.2019 RM'000	Current Year-To-Date 31.08.2020 RM'000	Preceding Year-To-Date 31.08.2019 RM'000
Net profit/(loss) attributable to owners of the Company	(6,204)	(5,382)	(8,952)	3,264
Weighted average number of ordinary shares in issue ('000)	419,099	419,099	419,099	419,099
Basic earnings/(loss) per ordinary share (sen)	(1.48)	(1.28)	(2.14)	0.78
Diluted earnings/(loss) per ordinary share (sen)	(1.48)	N/A	(2.14)	N/A

Diluted EPS of the Group for the individual and cumulative quarter 31 August 2020 is equivalent to the basic EPS as the share option had an anti-dilutive effect on the basic EPS and the Group has no other dilutive potential ordinary shares in issue at the end of the reporting period.

B12. Derivative Financial Instruments

The Group did not enter into any derivative financial instruments which were outstanding as at 31 August 2020.

By order of the Board
Kuala Lumpur
30 October 2020