

Registration No:
201201038178 (1022660 - T)

SASBADI HOLDINGS BERHAD
(Registration No. 201201038178 (1022660 - T))
(Incorporated in Malaysia)

DIRECTORS' REPORT AND
AUDITED FINANCIAL STATEMENTS
31 AUGUST 2023

SASBADI HOLDINGS BERHAD
(Incorporated in Malaysia)

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SASBADI HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 August 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the Group's subsidiaries are principally involved in the publishing and distribution of printed and digital education materials and related activities.

The details of the Group's subsidiaries are set out in Note 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to owners of the Company	<u>10,168</u>	<u>621</u>

DIVIDENDS

On 18 April 2023, the Board of Directors declared and approved the payment of an interim single tier dividend of RM0.005 per ordinary share in respect of the financial year ended 31 August 2023. The interim dividend was paid on 30 May 2023 to shareholders registered in the Record of Depositors as at 16 May 2023 which amounts to RM2,154,217.62.

On 30 October 2023, the Board of Directors declared and approved the payment of a second interim single-tier dividend of RM0.0025 per ordinary share in respect of the financial year ended 31 August 2023. This second interim dividend is to be paid on 3 January 2024 to shareholders registered in the Record of Depositors as at 15 December 2023. The dividend will be accounted for as an appropriation of retained earnings in the financial year ending 31 August 2024.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those presented in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 424,584,500 to 433,354,500 by way of issuance of 450,000 and 8,320,000 new ordinary shares pursuant to options exercised under the Employee's Share Option Scheme ("ESOS") at an exercise price of RM0.12 and RM0.10 respectively per ordinary share for cash. The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the ESOS as disclosed in Note 17 to the financial statements.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Dato' Salleh Bin Mohd Husein
Law King Hui
Lee Swee Hang
Dato' Noor Rezan Binti Bapoo Hashim
Law Yi Chian
Tang Yuen Kin
Datu Dr Rashidah Binti Bolhassan (Appointed on 18 April 2023)
Law En Ruey (Appointed on 30 October 2023)

Directors of subsidiaries of the Company (excluding those Directors listed above) are as follows:

Kuan Shaw Ping
Lew Yoke Long
Lim Jit Ping

DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			Balance as at 31.8.2023
	Balance as at 1.9.2022	Bought	Sold	
Interests in the Company				
Dato' Salleh Bin Mohd Husein	300,000	-	-	300,000
Law King Hui				
- own	76,783,500	1,500,000	-	78,283,500
- others ⁽¹⁾	5,100,000	450,000	-	5,550,000
Lee Swee Hang	35,811,500	335,500	-	36,147,000
Dato' Noor Rezan Binti Bapoo Hashim	300,000	-	-	300,000
Deemed interests in the Company				
Law King Hui ⁽²⁾	76,200,001	-	-	76,200,001
Lee Swee Hang ⁽²⁾	76,200,001	-	-	76,200,001

Notes:

- (1) Interest held by spouse and children of the Director pursuant to Section 59(11)(c) of the Companies Act 2016.
(2) Deemed interested by virtue of their interests in Karya Kencana Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

By virtue of their interests in the ordinary shares of the Company, Law King Hui and Lee Swee Hang are also deemed interested in the ordinary shares of the subsidiaries during the financial year to the extent that Sasbadi Holdings Berhad has an interest.

The other Directors holding office at 31 August 2023 had no interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 August 2023 were as follows:

	Group RM'000	Company RM'000
Fees	322	322
Salaries and other emoluments	844	-
Estimated value of benefit-in-kind	59	-
	<u>1,225</u>	<u>322</u>

INDEMNITY AND INSURANCE

During the financial year, Directors and officers of Sasbadi Holdings Berhad, together with its subsidiaries, are covered under the Directors' and officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and officers of the Group subject to the terms of the policy. The total amount of Directors' and officers' Liability Insurance effected for the Directors and officers of the Group was RM5 million. The total amount of premium paid for the Directors' and officers' Liability Insurance by the Group and the Company was RM10,000.

There were no indemnity and insurance costs effected for auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY
(continued)**

(I) AS AT THE END OF THE FINANCIAL YEAR (continued)

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps: (continued)
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 August 2023 were as follows:

	Group RM'000	Company RM'000
Statutory audit	303	65
Other services	13	8
	<u>316</u>	<u>73</u>

Signed on behalf of the Board in accordance with a resolution of the Directors.



.....
Law King Hui
Director



.....
Lee Swee Hang
Director

Kuala Lumpur
7 December 2023

SASBADI HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

In the opinion of the Directors, the financial statements set out on pages 14 to 68 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,



.....
Law King Hui
Director



.....
Lee Swee Hang
Director


Kuala Lumpur
7 December 2023

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Chan Yuet Leng (MIA: CA 15995), being the officer primarily responsible for the financial management of Sasbadi Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 14 to 68 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed at
Kuala Lumpur on
7 December 2023


.....
Chan Yuet Leng (MIA: CA 15995)

Before me



SUITE 9.03, TINGKAT 9
MENARA RAJA LAUT
NO. 288 JALAN RAJA LAUT
50350 KUALA LUMPUR



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SASBADI HOLDINGS BERHAD
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sasbadi Holdings Berhad, which comprise the statements of financial position as at 31 August 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 68.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SASBADI HOLDINGS BERHAD (continued)
(Incorporated in Malaysia)**

Key Audit Matters (continued)

Key Audit Matters of the Group

1. Annual impairment assessment of the carrying amount of goodwill

As at 31 August 2023, the carrying amount of goodwill of Sanjung Unggul Sdn. Bhd. and its subsidiaries amounted to RM10,253,000 as disclosed in Note 7 to the financial statements.

We determined the annual assessment of impairment of goodwill to be a key audit matter because of the significance of goodwill to the Group's consolidated financial position and it requires significant management judgement and assumptions in determining the value-in-use of the cash generating units to determine the expected cash flows. These judgements and assumptions include projected growth in sales and gross margins and terminal value, as well as determining appropriate pre-tax discount rate.

Audit response

Our audit procedures included the following:

- a. Compared prior period projection to actual outcome to assess reliability of management's projections;
- b. Compared cash flow projections against the CGU's recent performance, then assessed and evaluated the key assumptions made in the forecast and projections;
- c. Verified projected gross margins, sales growth rates and terminal values to support the key assumptions in projections by corroborating information from other areas of our audit;
- d. Verified pre-tax discount rate used by management for the CGU by comparing to market rate, weighted average cost of capital of the Group and relevant risk factors; and
- e. Performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

2. Valuation of inventories

As at 31 August 2023, the carrying amount of inventories of the Group was RM61,021,000 and the associated allowance for inventories write down was RM3,037,000, as disclosed in Note 12 to the financial statements.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SASBADI HOLDINGS BERHAD (continued)
(Incorporated in Malaysia)**

Key Audit Matters (continued)

Key Audit Matters of the Group (continued)

2. Valuation of inventories (continued)

We determined this to be a key audit matter because it requires management to exercise significant judgements in assessing the level of allowance for inventories write down required.

Audit response

Our audit procedures included the following:

- a. Evaluated the design and implementation over the control of identification of slow moving inventories and tested their effectiveness;
- b. Checked selected inventories samples to sales subsequent to the financial year end to determine that these were sold at more than its cost; and
- c. Assessed the adequacy of the allowance for inventories write down at year end.

Key Audit Matter of the Company

Impairment assessment of investments in subsidiaries

As at 31 August 2023, the carrying amount of the investments in subsidiaries for unquoted equity shares were RM90,334,000 as disclosed in Note 8 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements and assumptions in determining the recoverable amount, estimating the future results and key assumptions applied to cash flow projections of these subsidiaries. These judgements and assumptions include projected growth in sales and gross margins, as well as determining an appropriate pre-tax discount rate.

Audit response

Our audit procedures included the following:

- a. Compared prior period projection to actual outcome to assess reliability of management's projections;
- b. Compared cash flow projections against the subsidiaries' recent performance, then assessed and evaluated the key assumptions made in the forecast and projections;



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SASBADI HOLDINGS BERHAD (continued)
(Incorporated in Malaysia)**

Key Audit Matters (continued)

Key Audit Matter of the Company (continued)

Impairment assessment of investments in subsidiaries (continued)

Audit response (continued)

Our audit procedures included the following: (continued)

- c. Verified projected profit margins, revenue growth rates and terminal values to support the key assumptions in projections by corroborating information from other areas of our audit;
- d. Verified pre-tax discount rate used by management for each subsidiaries by comparing to market rate, weighted average cost of capital of the Group and relevant risk factors; and
- e. Performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SASBADI HOLDINGS BERHAD (continued)
(Incorporated in Malaysia)**

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SASBADI HOLDINGS BERHAD (continued)
(Incorporated in Malaysia)**

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SASBADI HOLDINGS BERHAD (continued)
(Incorporated in Malaysia)**

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'BDO PLT'.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Tan Seong Yuh'.

Tan Seong Yuh
03314/07/2025 J
Chartered Accountant

Kuala Lumpur
7 December 2023

SASBADI HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Property, plant and equipment	5	44,599	37,943	-	-
Investment properties	6	2,268	2,320	-	-
Intangible assets	7	18,853	20,287	-	-
Investments in subsidiaries	8	-	-	90,334	90,414
Other investments	9	37	37	-	-
Deferred tax assets	10	401	694	-	-
Total non-current assets		66,158	61,281	90,334	90,414
Inventories	12	61,021	64,785	-	-
Right to recover returned goods	13	1,603	2,190	-	-
Current tax assets		4,395	3,281	122	2
Contract costs	14	104	253	-	-
Trade and other receivables	15	37,429	35,536	29,099	31,215
Prepayments		4,990	4,363	41	41
Cash and cash equivalents	16	11,640	10,378	92	57
Total current assets		121,182	120,786	29,354	31,315
TOTAL ASSETS		187,340	182,067	119,688	121,729
EQUITY					
Share capital	17	110,379	109,138	110,379	109,138
Reserves	17	42,747	30,112	4,129	6,017
TOTAL EQUITY		153,126	139,250	114,508	115,155
LIABILITIES					
Loans and borrowings	18	1,342	1,359	-	-
Lease liabilities	11	77	358	-	-
Deferred tax liabilities	10	8,619	5,713	-	-
Total non-current liabilities		10,038	7,430	-	-
Loans and borrowings	18	7,284	10,863	-	-
Lease liabilities	11	365	419	-	-
Refund liabilities	13	2,897	4,266	-	-
Trade and other payables	19	13,283	19,009	5,180	6,574
Contract liabilities	14	347	830	-	-
Total current liabilities		24,176	35,387	5,180	6,574
TOTAL LIABILITIES		34,214	42,817	5,180	6,574
TOTAL EQUITY AND LIABILITIES		187,340	182,067	119,688	121,729

The accompanying notes form an integral part of the financial statements.

SASBADI HOLDINGS BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	20	96,142	69,034	1,039	5,668
Cost of sales		(59,582)	(45,991)	-	-
Gross profit		36,560	23,043	1,039	5,668
Other operating income		540	576	-	-
Distribution expenses		(7,050)	(6,477)	(45)	-
Administrative expenses		(14,026)	(12,390)	(385)	(284)
Net gain on impairment of financial instruments		685	1,044	22	-
Other operating expenses		(2,744)	(2,833)	(334)	(246)
Results from operating activities		13,965	2,963	297	5,138
Finance income		42	30	575	1
Finance costs	21	(857)	(1,022)	(147)	-
Profit before tax	22	13,150	1,971	725	5,139
Taxation	23	(2,982)	(1,130)	(104)	-
Net profit for the financial year attributable to owners of the Company		10,168	841	621	5,139
Other comprehensive income for the financial year, net of tax:					
Item that will not be reclassified subsequently to profit or loss					
Revaluation gain on property, plant and equipment		4,976	-	-	-
Net changes in fair value of equity investments designated at fair value through other comprehensive income		-	(5)	-	-
		4,976	(5)	-	-
Total comprehensive income for the financial year attributable to owners of the Company		15,144	836	621	5,139
Earnings per share (sen)	24				
- Basic		2.38	0.20		
- Diluted		2.37	0.20		

The accompanying notes form an integral part of the financial statements.

SASBADI HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

Group	Share capital RM'000	Treasury shares RM'000	Merger deficit RM'000	Attributable to owners of the Company				Retained earnings RM'000	Total equity RM'000
				Fair value reserve RM'000	Revaluation reserve RM'000	Share options reserve RM'000			
As at 1 September 2021	109,073	(1)	(50,500)	(56)	18,356	246	60,770	137,888	
Net profit for the financial year	-	-	-	-	-	-	841	841	
Other comprehensive loss, net of tax	-	-	-	(5)	-	-	-	(5)	
Total comprehensive (loss)/income for the financial year	-	-	-	(5)	-	-	841	836	
Transfer on disposal of other investment	-	-	-	(3)	-	-	3	-	
<i>Transactions with owners of the Company</i>									
Ordinary shares issued pursuant to ESOS	65	-	-	-	-	(19)	-	46	
Share options lapsed under ESOS	-	-	-	-	-	(2)	2	-	
Share-based payment transactions	-	-	-	-	-	480	-	480	
Total transactions with owners	65	-	-	-	-	459	2	526	
As at 31 August 2022	109,138	(1)	(50,500)	(64)	18,356	705	61,616	139,250	

Note 17

SASBADI HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (continued)

Group	←-----Attributable to owners of the Company-----→							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	Share options reserve RM'000	Retained earnings RM'000	
As at 1 September 2022	109,138	(1)	(50,500)	(64)	18,356	705	61,616	139,250
Net profit for the financial year	-	-	-	-	-	-	10,168	10,168
Other comprehensive income, net of tax	-	-	-	4,976	-	-	-	4,976
Total comprehensive income for the financial year	-	-	-	4,976	-	-	10,168	15,144
<i>Transactions with owners of the Company</i>								
Ordinary shares issued pursuant to ESOS	1,241	-	-	-	-	(355)	-	886
Share options lapsed under ESOS	-	-	-	-	-	(216)	216	-
Dividends paid	-	-	-	-	-	-	(2,154)	(2,154)
Total transactions with owners	1,241	-	-	-	-	(571)	(1,938)	(1,268)
As at 31 August 2023	110,379	(1)	(50,500)	(64)	23,332	134	69,846	153,126

←-----Note 17 -----→

The accompanying notes form an integral part of the financial statements.

SASBADI HOLDINGS BERHAD
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

Company	<-----Non-distributable----->			Distributable	
	Share capital RM'000	Treasury shares RM'000	Share options reserve RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 September 2021	109,073	(1)	246	172	109,490
Net profit and total comprehensive income for the financial year	-	-	-	5,139	5,139
<i>Transactions with owners of the Company</i>					
Ordinary shares issued pursuant to ESOS	65	-	(19)	-	46
Share options lapsed under ESOS	-	-	(2)	2	-
Share-based payment transactions	-	-	480	-	480
Total transactions with owners	65	-	459	2	526
As at 31 August 2022/ 1 September 2022	109,138	(1)	705	5,313	115,155
Net profit and total comprehensive income for the financial year	-	-	-	621	621
<i>Transactions with owners of the Company</i>					
Ordinary shares issued pursuant to ESOS	1,241	-	(355)	-	886
Share options lapsed under ESOS	-	-	(216)	216	-
Dividends paid	-	-	-	(2,154)	(2,154)
Total transactions with owners	1,241	-	(571)	(1,938)	(1,268)
As at 31 August 2023	110,379	(1)	134	3,996	114,508

<-----Note 17----->

The accompanying notes form an integral part of the financial statements.

SASBADI HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		13,150	1,971	725	5,139
<i>Adjustments for:</i>					
Amortisation of intangible assets	7	1,422	1,422	-	-
Depreciation of property, plant and equipment	5	2,194	1,932	-	-
Depreciation of investment properties	6	52	53	-	-
Dividend income	22	-	(1)	(1,039)	(5,668)
Finance costs	21	857	1,022	147	-
Finance income	22	(42)	(30)	(575)	(1)
Gain on disposals of property, plant and equipment	22	(249)	(124)	-	-
Impairment loss on investment in a subsidiary	8(d)	-	-	80	-
Net write down of inventories	12	3,037	3,450	-	-
Net reversal of impairment loss on trade receivables	15(e)	(685)	(1,044)	-	-
Net reversal of impairment losses on amounts due from subsidiaries	15(e)	-	-	(22)	-
Intangible assets written-off	22	12	-	-	-
Property, plant and equipment written-off	22	21	-	-	-
Share-based payment	17(f)	-	480	-	-
Unrealised foreign exchange gain	22	(6)	-	-	-
Operating profit/(loss) before changes in working capital		19,763	9,131	(684)	(530)
Changes in working capital:					
Inventories		319	(9,705)	-	-
Trade and other receivables and prepayments		(1,835)	4,972	-	-
Trade and other payables		(5,720)	5,067	57	10
Contract costs		149	326	-	-
Contract liabilities		(483)	(1,011)	-	-
Right to recover returned goods		587	(1,200)	-	-
Refund liabilities		(1,369)	2,390	-	-
Cash generated from/(used in) operations		11,411	9,970	(627)	(520)
Dividend received		-	-	1,039	2,440
Interest paid		(735)	(821)	(147)	-
Interest received		42	30	575	1
Tax paid		(3,204)	(973)	(225)	-
Tax refunded		735	55	1	4
Net cash from operating activities		8,249	8,261	616	1,925

SASBADI HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023
(continued)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Change in pledged deposits		250	353	-	-
Acquisition of property, plant and equipment	5(b)	(1,201)	(370)	-	-
Net advances to subsidiaries		-	-	(1,467)	(1,966)
Proceeds from disposals of:					
- property, plant and equipment		271	124	-	-
- other investments		-	173	-	-
Dividend received from other investments		-	1	-	-
Net cash (used in)/from investing activities		(680)	281	(1,467)	(1,966)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(122)	(201)	-	-
Dividend paid	25	(2,154)	-	-	-
Payment of lease liabilities		(430)	(571)	-	-
Repayment of term loans		(403)	(4,875)	-	-
Payment of hire purchase liabilities		(114)	(44)	-	-
Net drawdown of bankers' acceptance		2,271	2,402	-	-
Proceeds from issuance of shares pursuant to ESOS		886	46	886	46
Net cash (used in)/from financing activities		(66)	(3,243)	886	46
Net increase in cash and cash equivalents		7,503	5,299	35	5
Cash and cash equivalents at beginning of the financial year		3,576	(1,723)	57	52
Cash and cash equivalents at end of the financial year	16	11,079	3,576	92	57

SASBADI HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1.9.2021 RM'000	Changes RM'000	Net changes from financing cash flows RM'000	At 31.8.2022/ 1.9.2022 RM'000	Changes RM'000	Net changes from financing cash flows RM'000	At 31.8.2023 RM'000
Term loans	6,600	-	(4,875)	1,725	-	(403)	1,322
Bankers' acceptances	2,009	-	2,402	4,411	-	2,271	6,682
Hire purchase	106	-	(44)	62	641	(114)	589
Lease liabilities	1,235	113	(571)	777	95	(430)	442
	9,950	113	(3,088)	6,975	736	1,324	9,035

Cash outflows arising from leases as a lessee

	<u>Included in Operating Activities</u> Short term leases and low value assets paid RM'000	<u>Included in Financing Activities</u> Payment of lease liabilities RM'000	Total RM'000
Group			
As at 31 August 2023	146	430	576
As at 31 August 2022	250	571	821

The accompanying notes form an integral part of the financial statements.

SASBADI HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Sasbadi Holdings Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur, W.P. Kuala Lumpur.

The principal place of business of the Company is located at Lot 12, Jalan Teknologi 3/4, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The consolidated financial statements of the Company for the financial year ended 31 August 2023 comprise the Company and its subsidiaries (together referred to as “the Group”). These financial statements are presented in Ringgit Malaysia (‘RM’), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 7 December 2023.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the Group’s subsidiaries are principally involved in the publishing and distribution of printed and digital education materials and related activities.

The details of the Group’s subsidiaries are set out in Note 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (‘MFRSs’), International Financial Reporting Standards (‘IFRSs’) and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 4.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

4.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title	Effective Date
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contract)</i>	1 January 2023
<i>Disclosures of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)</i>	1 January 2023
<i>Lease liability in a sale and leaseback (Amendments to MFRS 16 Leases)</i>	1 January 2024
<i>Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)</i>	1 January 2024
<i>Lack of Exchangeability (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)</i>	1 January 2025
<i>International Tax Reform-Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes)</i>	Refer paragraph 98M of MFRS 112
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Condominiums RM'000	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovation RM'000	Computers RM'000	Total RM'000
Cost/Valuation								
Balance as at 1 September 2021	320	21,380	20,253	8,018	3,390	1,247	2,401	57,009
Additions	-	-	124	20	60	-	290	494
Disposals	-	-	-	(737)	-	-	-	(737)
Written-off	-	-	-	-	(26)	-	(10)	(36)
Termination of lease	-	-	(40)	-	-	-	-	(40)
Balance as at 31 August 2022/								
1 September 2022	320	21,380	20,337	7,301	3,424	1,247	2,681	56,690
Additions	-	-	101	818	864	-	160	1,943
Transfer from inventories	-	-	-	-	-	-	408	408
Reassessment of MFRS 16	-	-	7	-	-	-	-	7
Disposals	-	-	-	(1,327)	(8)	-	-	(1,335)
Written-off	-	-	-	(79)	(10)	-	-	(89)
Termination of lease	-	-	(26)	-	-	-	-	(26)
Adjustment for revaluation	50	3,420	(1,575)	-	-	-	-	1,895
Balance as at 31 August 2023	370	24,800	18,844	6,713	4,270	1,247	3,249	59,493
Representing items at:								
Cost	-	-	-	6,713	4,270	1,247	3,249	15,479
Directors' valuation	370	24,800	18,844	-	-	-	-	44,014
Balance as at 31 August 2023	370	24,800	18,844	6,713	4,270	1,247	3,249	59,493

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Condominiums RM'000	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovation RM'000	Computers RM'000	Total RM'000
Accumulated depreciation and impairment loss								
Balance as at 1 September 2021	17	1,740	2,655	7,558	2,698	699	2,250	17,617
Charge for the financial year	4	498	948	133	147	105	97	1,932
Disposals	-	-	-	(737)	-	-	-	(737)
Written-off	-	-	-	-	(26)	-	(10)	(36)
Termination of lease	-	-	(29)	-	-	-	-	(29)
Balance as at 31 August 2022/								
1 September 2022	21	2,238	3,574	6,954	2,819	804	2,337	18,747
Charge for the financial year	13	589	894	243	156	106	193	2,194
Disposals	-	-	-	(1,310)	(3)	-	-	(1,313)
Written-off	-	-	-	(60)	(8)	-	-	(68)
Termination of lease	-	-	(13)	-	-	-	-	(13)
Adjustment for revaluation	(23)	(2,403)	(2,227)	-	-	-	-	(4,653)
Balance as at 31 August 2023	11	424	2,228	5,827	2,964	910	2,530	14,894
Carrying amount								
Balance as at 31 August 2022	299	19,142	16,763	347	605	443	344	37,943
Balance as at 31 August 2023	359	24,376	16,616	886	1,306	337	719	44,599

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment are initially recognised at cost. After initial recognition, property, plant and equipment are stated at cost (other than the properties comprising condominiums and leasehold land and buildings which are revalued every 4 to 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value), less accumulated depreciation and any accumulated impairment losses. Additions subsequent to the date of valuation are stated at cost until the next revaluation exercise.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to profit or loss.

Depreciation is calculated to write off the cost of the assets to their residual values. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Right-of-use assets are depreciated on a straight-line basis over the earlier of their estimated useful lives or the end of the lease term. The estimated useful lives represent common life expectancies applied in the industry. The principal depreciation periods are as follows:

Property, plant and equipment

Motor vehicles	5 years
Office equipment, furniture and fittings	10 years
Renovation	10 years
Computers	3 to 5 years

Right-of-use assets under property, plant and equipment

Condominiums	50 years
Leasehold land	60 to 99 years
Buildings	50 years
Leased warehouse and residential properties (included in Buildings)	2 to 4 years
Motor vehicles	5 years

- (b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

Group	2023 RM'000	2022 RM'000
Purchase of property, plant and equipment	1,943	494
Leases	(101)	(124)
Financed by hire purchase	(641)	-
Cash payments to purchase property, plant and equipment	<u>1,201</u>	<u>370</u>

- (c) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed under Note 11 to the financial statements.
- (d) Certain land and buildings of the Group with carrying amounts of RM38,137,000 (2022: RM32,745,000) were charged to banks as security for banking facilities granted to the Group (Note 18).

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (e) The Group's condominiums, leasehold land and buildings are stated at Directors' valuation which is supported by the professional valuation carried out in January 2023 by an external independent valuation company, KGV International Property Consultants (M) Sdn. Bhd..

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Property category	Valuation techniques used	Significant unobservable inputs	Inter-relationship between key observable inputs and fair value
Condominiums	Comparison approach	Price per square feet RM103 - 248	The estimated fair value would increase if the price per square foot is higher.
Leasehold land	Comparison approach	Price per square feet RM235	The estimated fair value would increase if the price per square foot is higher.
Buildings	Comparison approach	Price per square feet RM151 - 551	The estimated fair value would increase if the price per square foot is higher.

Had the condominiums, leasehold land and buildings been carried at historical cost less accumulated depreciation, the carrying amounts of the revalued assets that would have been included in the financial statements at the end of the financial year are as follows:

Group	2023 RM'000	2022 RM'000
Condominiums	171	180
Leasehold land	1,826	1,873
Buildings	7,131	7,351
	<u>9,128</u>	<u>9,404</u>

The fair value of condominiums, leasehold land and buildings are categorised as Level 3 in the fair value hierarchy. There were no transfers between levels in the hierarchy during the financial year.

6. INVESTMENT PROPERTIES

Group	Buildings RM'000
Cost	
Balance as at 1 September 2021/31 August 2022/1 September 2022/ 31 August 2023	<u>2,640</u>
Accumulated depreciation	
Balance as at 1 September 2021	267
Charge for the financial year	<u>53</u>
Balance as at 31 August 2022/1 September 2022	320
Charge for the financial year	<u>52</u>
Balance as at 31 August 2023	<u>372</u>
Carrying amount	
Balance as at 31 August 2022	<u>2,320</u>
Balance as at 31 August 2023	<u>2,268</u>

- (a) Investment properties comprise of commercial buildings that are leased to third parties. Each of the lease contains an initial non-cancellable period of 3 years. Subsequent renewals are negotiated with the lessees with an average renewal period of 2 years. No contingent rents are charged.
- (b) Investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses.

The depreciation policy adopted for investment properties is similar to property assets under property, plant and equipment.

- (c) The following are recognised in profit or loss in respect of investment properties:

	Group	
	2023 RM'000	2022 RM'000
Rental income	120	118
Direct operating expenses	<u>(15)</u>	<u>(15)</u>

- (d) Fair value of the investment properties is categorised as follows:

Group	Level 3	
	2023 RM'000	2022 RM'000
Commercial buildings	<u>2,910</u>	<u>2,680</u>

6. INVESTMENT PROPERTIES (continued)

(d) Fair value of the investment properties is categorised as follows (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation techniques and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Sales comparison method: Entails recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustment made for differences in location, physical characteristics, time element, if any and other relevant characteristics to arrive at the market value.	Price per square foot RM134 - RM404	The estimated fair value would increase if the price per square foot is higher.

(e) The aggregate future minimum lease receivable as at the end of each reporting period as follows:

Group	2023 RM'000	2022 RM'000
Less than one (1) year	116	120
One (1) to two (2) years	10	126
	<u>126</u>	<u>246</u>

7. INTANGIBLE ASSETS

Group	Goodwill RM'000	Development costs RM'000	Software RM'000	Intellectual properties RM'000	Total RM'000
Cost					
Balance as at 1 September 2021					
31 August 2022/ 1 September 2022/	10,964	2,927	152	18,545	32,588
Written-off	(533)	-	(15)	-	(548)
Balance as at 31 August 2023	10,431	2,927	137	18,545	32,040
Accumulated amortisation and impairment loss					
Balance as at 1 September 2021	533	1,452	67	8,827	10,879
Charge for the financial year	-	293	15	1,114	1,422
Balance as at 31 August 2022/1 September 2022	533	1,745	82	9,941	12,301
Charge for the financial year	-	293	14	1,115	1,422
Written-off	(533)	-	(3)	-	(536)
Balance as at 31 August 2023	-	2,038	93	11,056	13,187
Carrying amount					
Balance as at 31 August 2022	10,431	1,182	70	8,604	20,287
Balance as at 31 August 2023	10,431	889	44	7,489	18,853

- (a) Intangible assets are initially measured at cost. After initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortisation and any accumulated impairment losses. Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.
- (b) Subsumed within goodwill are the brand names and the synergies expected to be achieved from integrating Sanjung Unggul Sdn. Bhd. ("Sanjung Unggul") and its subsidiaries ("Sanjung Unggul Group"), Distinct Motion Sdn. Bhd. and its subsidiary ("Distinct Motion Group") and Pinko Creative Sdn. Bhd. ("Pinko Creative") into the Group's existing publishing and applied learning products business.

7. INTANGIBLE ASSETS (continued)

- (c) Intellectual properties comprise the publishing rights and production files in relation to educational and learning materials for national schools and institutes of teacher education acquired by the Group as well as the publishing rights and production files in relation to dictionaries, comics, storybooks, educational and learning materials for early education and national-type Chinese schools recognised through the acquisitions of United Publishing House (M) Sdn. Bhd. and Sanjung Unggul by the Company.

The intellectual properties are amortised over 15 years as the management estimates that the intellectual properties can be used for commercial activities for a duration of 15 years. Development costs and software are amortised over 10 years.

- (d) Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGU"), which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

Group	2023 RM'000	2022 RM'000
Sanjung Unggul Group	10,253	10,253
Distinct Motion Group	-	-
Pinko Creative	178	178
	<u>10,431</u>	<u>10,431</u>

An impairment loss on goodwill amounting to RM533,000 had been previously recognised in respect of Distinct Motion Group CGU within other operating expenses in the statements of profit or loss and other comprehensive income in the previous financial year due to its deteriorating financial performance. This impairment loss had been fully written off during the current financial year.

In assessing whether goodwill is impaired, the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU.

7. INTANGIBLE ASSETS (continued)

(d) Impairment testing for cash-generating units containing goodwill (continued)

(i) Sanjung Unggul Group

The recoverable amount of the business unit is higher than its carrying amount and was based on its value in use. Value in use was determined by discounting future cash flows to be generated from the continuing operation of the business as a book publisher and education and supplement material provider and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and financial budget approved by management covering a 5-year business plan.
- The anticipated sales is approximately RM14,066,000 in 2024. The anticipated sales growth rate is 2.58% (2022: 2.00% - 21.00%) from 2024 to 2028.
- The operating expenditure growth was assumed to be 2.58% (2022: 2.42%) per annum. The estimated growth rate was based on the forecasted inflation rate.
- The projected gross margins which reflects the average historical gross margin, adjusted for projected market and economic conditions and internal resource efficiency.
- Terminal value was based on the fifth year cash flow without incorporating any growth rate.
- The unit will continue its operations indefinitely.
- A pre-tax discount rate of 10.33% (2022: 11.02%) was applied in determining the recoverable amount of the CGU. The discount rate applied was estimated based on the Group's weighted average cost of capital and reflect the current market assessment of the risks specific to the CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industries and are based on both external sources and internal sources.

Sensitivity analysis

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount of the CGU. Based on their review, there is no evidence of impairment on the goodwill allocated to the Sanjung Unggul Group.

7. INTANGIBLE ASSETS (continued)

(d) Impairment testing for cash-generating units containing goodwill (continued)

(ii) Pinko Creative

The recoverable amount of the business unit is higher than its carrying amount and was based on its value in use. Value in use was determined by discounting future cash flows to be generated from the continuing operation of the business as a book publisher and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and financial budget approved by management covering a 5-year business plan.
- The anticipated sales is approximately RM2,637,000 in 2024. The anticipated sales growth rate is 2.42% (2022: 2.42%) per annum from 2024 to 2028.
- The operating expenditure growth was assumed to be 2.58% (2022: 2.42%) per annum. The estimated growth rate was based on the forecasted inflation rate.
- The projected gross margins which reflects the average historical gross margin, adjusted for projected market and economic conditions and internal resource efficiency.
- Terminal value was based on the fifth year cash flow without incorporating any growth rate.
- The unit will continue its operations indefinitely.
- A pre-tax discount rate of 10.33% (2022: 11.02%) was applied in determining the recoverable amount of the CGU. The discount rate applied was estimated based on the Group's weighted average cost of capital and reflect the current market assessment of the risks specific to the CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industries and are based on both external sources and internal sources.

Sensitivity analysis

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount of the CGU. Based on their review, there is no evidence of impairment on the goodwill allocated to Pinko Creative.

8. INVESTMENTS IN SUBSIDIARIES

Company	2023 RM'000	2022 RM'000
Unquoted shares, at cost	93,008	93,008
Less: Impairment loss	<u>(2,674)</u>	<u>(2,594)</u>
	<u>90,334</u>	<u>90,414</u>

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less any impairment losses.
- (b) Details of the subsidiaries, which are all incorporated and operating in Malaysia, are as follows:

Name of Company	Effective ownership interest and voting interest		Principal activities
	2023 %	2022 %	
Sasbadi Sdn. Bhd.	100	100	Publisher of printed educational materials, distribution of applied learning products, and trading of paper
Maya Press Sdn. Bhd.	100	100	Imprint for general titles
Orbit Buku Sdn. Bhd.	100	100	Publisher of supplementary educational materials
Sasbadi Online Sdn. Bhd.	100	100	Publisher of online/digital educational materials
Malaysian Book Promotions Sdn. Bhd.	100	100	Publishing and distribution of printed educational materials and organiser of book fairs and exhibitions
MBP Publications Sdn. Bhd.	100	100	Imprint for printed educational materials
Mindtech Education Sdn. Bhd.	100	100	Direct marketing of online/digital educational products
Sanjung Unggul Sdn. Bhd.	100	100	General trade and investment holding
United Publishing House (M) Sdn. Bhd.	100	100	Publishing of dictionaries and books
Sasbadi Learning Solutions Sdn. Bhd.	100	100	Distribution of applied learning products
Subsidiary of Sanjung Unggul Sdn. Bhd.			
The Malaya Press Sdn. Bhd.	100	100	Publishing of books

8. INVESTMENT IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries, which are all incorporated and operating in Malaysia, are as follows: (continued)

Name of Company	Effective ownership interest and voting interest		Principal activities
	2023 %	2022 %	
Subsidiaries of United Publishing House (M) Sdn. Bhd.			
G-Apple Studio Sdn. Bhd.	100	100	Dormant
Penerbitan Daya Sdn. Bhd.	100	100	Dormant
Penerbitan Minda Sdn. Bhd.	100	100	Dormant
UPH Distributor Sdn. Bhd.	100	100	Dormant
Pinko Creative Sdn. Bhd.	100	100	Publishing of books and trading of all kinds of printed materials
Subsidiary of Sasbadi Learning Solutions Sdn. Bhd.			
Distinct Motion Sdn. Bhd.	100	100	Provider of learning activities related to robotics and science, technology, engineering and mathematics (STEM) education
Subsidiaries of The Malaya Press Sdn. Bhd.			
Jinbang Publication Sdn. Bhd.	100	100	Publication of books
Big Tree Publications Sdn. Bhd.	100	100	Publication of books
Media Distribution Sdn. Bhd.	-	100	Dormant
Subsidiary of Distinct Motion Sdn. Bhd.			
Distinct Element Sdn. Bhd.	100	100	Dormant
Subsidiary of Malaysian Book Promotions Sdn. Bhd.			
Media Distribution Sdn. Bhd.	100	-	Dormant

8. INVESTMENTS IN SUBSIDIARIES (continued)

- (c) The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value in use of the respective subsidiaries. The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries. Impairment losses are made when the carrying amount of the investments in subsidiaries exceed its recoverable amount.

The key assumptions for the impairment testing are disclosed in Note 7(d)(i) to the financial statements.

- (d) During current financial year, the Company had made an impairment of RM80,000 (2022: Nil) in respect of a subsidiary due to its poor financial position. The recoverable amount of the cost of investment in the subsidiary was based on its fair value less cost to sell ("FVLCTS") of the underlying assets. The net assets of the subsidiary were used as a proxy for its recoverable amount based on FVLCTS method and were within Level 3 of the fair value hierarchy.
- (e) On 18 April 2023, a wholly-owned subsidiary of the Company, The Malaya Press Sdn. Bhd. had disposed of its ownership of shares in Media Distribution Sdn. Bhd. to Malaysian Book Promotions Sdn. Bhd., another wholly-owned subsidiary of the Company for a total consideration of RM10,000.

9. OTHER INVESTMENTS

Group	2023 RM'000	2022 RM'000
Fair value through profit or loss		
Club membership	37	37
Fair value through other comprehensive Income		
Shares quoted in Malaysia	-	-
	<u>37</u>	<u>37</u>
Market value of quoted investments	<u>-</u>	<u>-</u>

The Group designated shares quoted in Malaysia as fair value through other comprehensive income because these equity securities represented investments that the Group intended to hold for long-term strategic purposes.

Shares quoted in Malaysia of the Group were categorised as Level 1 in the fair value hierarchy. The fair value of investments was determined based on quoted market prices at the reporting date. Club membership of the Group was categorised as Level 3 in the fair value hierarchy. There was no transfer between levels in hierarchy during the financial year.

9. OTHER INVESTMENTS (continued)

The following table shows a reconciliation of Level 1 fair values of shares quoted in Malaysia:

Group	2023 RM'000	2022 RM'000
Balance as at 1 September 2022/2021	-	178
Disposal	-	(173)
Fair value changes	-	(5)
Balance as at 31 August	<u>-</u>	<u>-</u>

Sensitivity analysis for other investments is not material to the Group.

The maximum exposure to credit risk is represented by the carrying amount of the other investments of the Group.

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following:

Group	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment						
- capital allowance	-	-	(226)	(81)	(226)	(81)
- revaluation	-	-	(8,136)	(6,735)	(8,136)	(6,735)
Right-of-use assets	-	-	(97)	(189)	(97)	(189)
Lease liabilities	102	198	-	-	102	198
Intangible assets	-	-	(1,348)	(1,396)	(1,348)	(1,396)
Contract costs	-	-	-	(111)	-	(111)
Contract liabilities	-	139	-	-	-	139
Unutilised tax losses	-	1,441	-	-	-	1,441
Other deductible temporary differences	<u>1,487</u>	<u>1,715</u>	<u>-</u>	<u>-</u>	<u>1,487</u>	<u>1,715</u>
Tax assets/(liabilities)	1,589	3,493	(9,807)	(8,512)	(8,218)	(5,019)
Set off of tax	<u>(1,188)</u>	<u>(2,799)</u>	<u>1,188</u>	<u>2,799</u>	<u>-</u>	<u>-</u>
	<u>401</u>	<u>694</u>	<u>(8,619)</u>	<u>(5,713)</u>	<u>(8,218)</u>	<u>(5,019)</u>

10. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Movement in temporary differences during the financial year:

Group	Balance as at 1.9.2021 RM'000	Recognised in profit or loss (Note 23) RM'000	Balance as at 31.8.2022/ 1.9.2022 RM'000	Recognised in profit or loss (Note 23) RM'000	Recognised in revaluation reserve (Note 23) RM'000	Balance as at 31.8.2023 RM'000
Property, plant and equipment						
- capital allowance	50	(131)	(81)	(145)	-	(226)
- revaluation	(6,882)	147	(6,735)	171	(1,572)	(8,136)
Right-of-use assets	(295)	106	(189)	92	-	(97)
Lease liabilities	306	(108)	198	(96)	-	102
Intangible assets	(1,710)	314	(1,396)	48	-	(1,348)
Contract costs	(250)	139	(111)	111	-	-
Contract liabilities	442	(303)	139	(139)	-	-
Unutilised tax losses	2,357	(916)	1,441	(1,441)	-	-
Other deductible temporary differences	1,843	(128)	1,715	(228)	-	1,487
	(4,139)	(880)	(5,019)	(1,627)	(1,572)	(8,218)

10. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Group	2023 RM'000	2022 RM'000
Unutilised tax losses		
- Expires by 31 August 2028	1,587	2,314
- Expires by 31 August 2029	1,670	1,917
- Expires by 31 August 2030	1,755	2,440
- Expires by 31 August 2031	1,076	2,536
- Expires by 31 August 2032	234	247
- Expires by 31 August 2033	16	-
Unabsorbed capital allowances	1,283	1,116
Contract liabilities	456	1,089
Other deductible temporary differences	186	119
	<u>8,263</u>	<u>11,778</u>

Deferred tax assets have not been recognised in respect of these items because there is no sufficient future taxable profits available against which they can be utilised. Unutilised tax losses can be carried forward for ten (10) consecutive years of assessment whilst the unabsorbed capital allowances do not expire under the current tax legislation. These items are subject to the agreement of the Inland Revenue Board.

11. RIGHT-OF-USE ASSETS/(LEASE LIABILITIES)

The Group as a lessee

Right-of-use assets classified within property, plant and equipment

Group	2023 RM'000	2022 RM'000
Carrying amount		
Condominium	359	299
Leasehold land	24,376	19,142
Buildings	16,616	16,763
Motor vehicles	18	38
Total	<u>41,369</u>	<u>36,242</u>

11. RIGHT-OF-USE ASSETS/(LEASE LIABILITIES) (continued)

The Group as lessee (continued)

Lease liabilities	Balance as at 1.9.2022 RM'000	Additions RM'000	Reassessment of MFRS 16 RM'000	Termination RM'000	Lease payments RM'000	Interest expense RM'000	Balance as at 31.08.2023 RM'000
Carrying amount							
Buildings	748	101	7	(13)	(445)	29	427
Motor vehicles	29	-	-	-	(15)	1	15
	777	101	7	(13)	(460)	30	442

Carrying amount	Balance as at 1.9.2021 RM'000	Additions RM'000	Termination RM'000	Lease payments RM'000	Interest expense RM'000	Balance as at 31.08.2022 RM'000
Buildings	1,107	124	(11)	(517)	45	748
Motor vehicles	128	-	-	(103)	4	29
	1,235	124	(11)	(620)	49	777

11. RIGHT-OF-USE ASSETS/(LEASE LIABILITIES) (continued)

The Group as lessee (continued)

Represented by:	Group	
	2023 RM'000	2022 RM'000
Current liabilities	365	419
Non-current liabilities	77	358
	<u>442</u>	<u>777</u>
Lease liabilities owing to financial institutions	15	29
Lease liabilities owing to non-financial institutions	427	748
	<u>442</u>	<u>777</u>

(a) Nature of the leasing activities

Condominiums, leasehold land and buildings

The Group has made upfront payments to secure the right-of-use of condominiums, leasehold land and buildings for its operations. The Group also leases warehouses and residential properties for the purpose of staff accommodation. These leasehold land and buildings, and related leases which have a lease term of more than 12 months are recognised within property, plant and equipment (Note 5).

Motor vehicles

The Group leases motor vehicles for employees for use in operations.

- (b) The right-of-use assets under property, plant and equipment are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The Group has certain leases with lease term less than twelve (12) months, and low value leases of office of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

The right-of-use assets are depreciated on a straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term as disclosed in Note 5 (a) to the financial statements.

11. RIGHT-OF-USE ASSETS/(LEASE LIABILITIES) (continued)

(c) Additions to right-of-use assets during the financial year

Group	2023 RM'000	2022 RM'000
Buildings	<u>101</u>	<u>124</u>

(d) Depreciation charged during the financial year

Group	2023 RM'000	2022 RM'000
Condominium	13	4
Leasehold land	589	498
Buildings	894	948
Motor vehicles	<u>20</u>	<u>20</u>
Total	<u>1,516</u>	<u>1,470</u>

(e) Extension options

Some leases of buildings contain extension options up to 3 years, which are exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessor. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstance within its control.

As at 31 August 2023, there is no undiscounted potential future rental payments that are not included in the lease term.

(f) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	2023 RM'000	2022 RM'000
On demand or within one year	384	448
One to five years	<u>85</u>	<u>367</u>
	<u>469</u>	<u>815</u>

(g) Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help it determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases. The lease payments are discounted using the annual incremental borrowing rate of the Group in range of 2.99% to 5.17% (2022: 2.51% to 5.17%).

12. INVENTORIES

Group	2023 RM'000	2022 RM'000
At cost/net realisable value		
Raw materials	3,042	8,790
Finished goods	57,979	55,995
	<u>61,021</u>	<u>64,785</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	28,331	29,594
Write down of inventories	3,037	3,450
	<u>31,368</u>	<u>33,044</u>

Cost of inventories is determined using the first-in first-out and weighted average method and are stated at lower of cost and net realisable value.

The Group writes down its obsolete or slow-moving inventories based on assessment of their product lifecycle and nature. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend when making this judgement to evaluate the adequacy of the write down for obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

13. RIGHT TO RECOVER RETURNED GOODS/(REFUND LIABILITIES)

Group	2023 RM'000	2022 RM'000
Right to recover returned goods	1,603	2,190
Refund liabilities	<u>(2,897)</u>	<u>(4,266)</u>

An asset with a right to recover returned goods and the corresponding refund liabilities are recognised in relation to finished goods sold with a right of return.

These are measured by reference to the former carrying amounts of the sold inventories less any expected costs to recover those inventories and any potential decreases in the value to the Group of the returned inventories.

14. CONTRACT WITH CUSTOMERS

(a) Contract costs

Group	2023 RM'000	2022 RM'000
Cost to obtain a contract	<u>104</u>	<u>253</u>

Cost to obtain a contract primarily comprises commission fees paid to intermediaries as a result of obtaining contracts and they are recoverable.

Capitalised commission fees are amortised when the related revenues are recognised. During the current financial year, the amount of amortisation was RM1,011,000 (2022: RM1,924,000).

14. CONTRACT WITH CUSTOMERS (continued)

(b) Contract liabilities

Group	2023 RM'000	2022 RM'000
Contract liabilities	<u>347</u>	<u>830</u>

The contract liabilities primarily relate to the advance consideration received from customers for sale of online/digital materials, which revenue is recognised over time throughout the agreed period. The contract liabilities are expected to be recognised as revenue over a period of 180 days or 365 days (2022: 180 days or 365 days).

Significant changes to contract liabilities balances during the financial year are as follows:

Group	2023 RM'000	2022 RM'000
Contract liabilities at the beginning of the period recognised as revenue	<u>830</u>	<u>1,841</u>

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current Trade				
Trade receivables	38,937	37,645	-	-
Less: Impairment loss	(2,669)	(3,815)	-	-
	<u>36,268</u>	<u>33,830</u>	-	-
Non-trade				
Amounts due from subsidiaries	-	-	32,178	34,316
Less: Impairment loss	-	-	(3,081)	(3,103)
Other receivables and deposits	<u>1,161</u>	<u>1,706</u>	<u>2</u>	<u>2</u>
	<u>1,161</u>	<u>1,706</u>	<u>29,099</u>	<u>31,215</u>
	<u>37,429</u>	<u>35,536</u>	<u>29,099</u>	<u>31,215</u>

- (a) Trade and other receivables are classified as financial assets and are measured at amortised cost.
- (b) These are non-interest bearing and the normal credit terms granted by the Group and the Company ranges from cash term to 90 days (2022: cash term to 90 days). Trade and other receivables are recognised at their original invoices amounts, which represent their fair values on initial recognition.
- (c) Trade and other receivables are denominated in Ringgit Malaysia.
- (d) Amounts due from subsidiaries are non-trade advances in nature, unsecured, bear interest ranging from 2.73% to 3.00% per annum and is repayable in cash and cash equivalents within the next twelve (12) months.

15. TRADE AND OTHER RECEIVABLES (continued)

(e) Credit risk and impairment policy for trade receivables

As at the end of the reporting period, the maximum credit risk exposure is equivalent to the gross carrying amount of trade receivables of the Group.

As at 31 August 2023, the Group has significant concentration of credit risk in the form of outstanding balances from five (5) (2022: five (5)) trade customers, which amounted to RM10,269,000 (2022: RM8,513,000) representing 26% (2022: 23%) of gross trade receivables. The Directors are of the opinion that the outstanding balances from these customers are fully recoverable based on the following:

- i) Significant payments have been subsequently received from 5 customers after the reporting period; and
- ii) The Directors have made assessments that all these customers have the ability to repay the balances outstanding.

The Group has also entered into small number of sales contracts, all of which are monitored individually for completion and payment. The management is confident that, based on their knowledge of payment patterns and subsequent payments received, the Group is able to fully recover the amounts due from its customers. Where applicable, the Group will demand for guarantees from shareholders/Directors of their customers as a form of safeguard over the outstanding debts.

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Any receivables having significant balances past due more than 330 days, which are deemed to have higher credit risk, are monitored individually.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The Group uses an allowance matrix to measure the lifetime ECL of trade receivables based on the simplified approach. Consistent with the debt recovery process, invoices which are past due 690 days will be considered as credit impaired. Expected loss rates are calculated using the 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 690 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers the differences between (a) economic conditions during the period over which the historical data has been collected, (b) current economic conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. The Group adjusted the loss rates to reflect current and forward-looking information such as gross domestic product, unemployment rate, inflation rate, bank lending rate, non-performing loan ratio and services sector gross domestic product.

Significant judgement is required in determining the probabilities of default by receivables and appropriate forward-looking information in assessing the expected credit loss allowance.

15. TRADE AND OTHER RECEIVABLES (continued)

(e) Credit risk and impairment policy for trade receivables (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2023			
Current (not past due)	17,465	(32)	17,433
1 - 30 days past due	5,316	(49)	5,267
31 - 180 days past due	12,467	(169)	12,298
181 - 330 days past due	1,053	(116)	937
More than 330 days past due	2,463	(2,130)	333
	38,764	(2,496)	36,268
Credit impaired			
Individually impaired	173	(173)	-
	<u>38,937</u>	<u>(2,669)</u>	<u>36,268</u>
Group	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2022			
Current (not past due)	17,099	(95)	17,004
1 - 30 days past due	4,324	(81)	4,243
31 - 180 days past due	11,517	(362)	11,155
181 - 330 days past due	905	(54)	851
More than 330 days past due	3,144	(2,567)	577
	36,989	(3,159)	33,830
Credit impaired			
Individually impaired	656	(656)	-
	<u>37,645</u>	<u>(3,815)</u>	<u>33,830</u>

The movements in the allowance for impairment in respect of trade and other receivables during the financial year are shown below:

Group	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Trade			
Balance as at 1 September 2021	4,100	1,407	5,507
Net remeasurement of loss allowance	(941)	(103)	(1,044)
Receivables written-off	-	(648)	(648)
Balance as at 31 August 2022/ 1 September 2022	3,159	656	3,815
Net remeasurement of loss allowance	(663)	(22)	(685)
Receivables written-off	-	(461)	(461)
Balance as at 31 August 2023	<u>2,496</u>	<u>173</u>	<u>2,669</u>

15. TRADE AND OTHER RECEIVABLES (continued)

(e) Credit risk and impairment policy for trade receivables (continued)

The movements in the allowance for impairment in respect of trade and other receivables during the financial year are shown below: (continued)

Company	Lifetime ECL RM'000
Non-trade	
Balance as at 1 September 2021	3,233
Receivables written-off	<u>(130)</u>
Balance as at 31 August 2022/1 September 2022	3,103
Reversal of impairment losses	<u>(22)</u>
Balance as at 31 August 2023	<u><u>3,081</u></u>

(f) Credit risk and impairment policy for amounts due from subsidiaries and other receivables

As at the end of the reporting period, the maximum credit risk exposure is equivalent to the carrying amounts of amounts due from subsidiaries and other receivables of the Group and of the Company.

The Group and the Company monitor the ability of the subsidiaries and other receivables to repay on an individual basis. These amounts are not secured by any collateral or supported by any other credit enhancements.

Generally, the Group and the Company consider amounts due from subsidiaries and other receivables to have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when a subsidiary's and other receivables' financial position deteriorates significantly or when the counterparty is unable to pay when demanded. As the Company is able to determine the timing of payments of the amount due from subsidiaries when they are payable, the Company considers these to be in default when the subsidiaries are not able to pay when demanded. It is considered to be credit impaired when:

- i) The subsidiary is unlikely to repay its amount due to the Company in full; or
- ii) The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Group and the Company have exercised judgement in determining the probability of default for these amounts due, by obtaining without undue cost or effort both quantitative and qualitative information, including historical experience also ensuring that they are reasonable and supportable.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	10,999	9,486	92	57
Deposits placed with licensed banks	641	892	-	-
As reported in the statements of financial position	11,640	10,378	92	57
Less: Deposits pledged	(528)	(778)	-	-
Less: Bank overdraft	(33)	(6,024)	-	-
Cash and cash equivalents included in the statements of cash flows	<u>11,079</u>	<u>3,576</u>	<u>92</u>	<u>57</u>

(a) Included in the deposits placed with a licensed bank of the Group is RM528,000 (2022: RM778,000) pledged for bank facilities granted to certain subsidiaries (Note 18).

(b) Cash and cash equivalents are denominated in Ringgit Malaysia.

(c) As at the end of the reporting period, the maximum credit risk exposure is equivalent to the carrying amount of cash and cash equivalents of the Group.

No expected credit losses were recognised arising from the deposits with these banks and financial institutions because the probability of default by these financial institutions were negligible.

(d) Weighted average effective interest rate of deposits pledged with licensed banks of the Group as at the end of each reporting period are as follows:

	Group	
	2023	2022
Fixed rate	<u>2.32%</u>	<u>1.79%</u>

17. SHARE CAPITAL AND RESERVES

(a) Share capital

	Group and Company			
	2023		2022	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid up ordinary shares with no par value				
Balance as at 1 September 2022/2021	424,585	109,138	424,175	109,073
Issuance pursuant to ESOS exercised	8,770	1,241	410	65
Balance as at 31 August	<u>433,355</u>	<u>110,379</u>	<u>424,585</u>	<u>109,138</u>

17. SHARE CAPITAL AND RESERVES (continued)

(a) Share capital (continued)

- i) The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one (1) vote per share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- ii) During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 424,584,500 to 433,354,500 by way of issuance of 450,000 and 8,320,000 new ordinary shares pursuant to options exercised under the ESOS at an exercise price of RM0.12 and RM0.10 respectively per ordinary share for cash.
- iii) In the previous financial year, the issued and fully paid-up ordinary shares of the Company increased from 424,174,500 to 424,584,500 by way of issuance of 260,000 and 150,000 new ordinary shares pursuant to options exercised under the ESOS at an exercise price of RM0.12 and RM0.10 respectively per ordinary shares for cash.

(b) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the annual general meeting held on 16 February 2023, renewed their approval for the Company's plan to purchase up to ten percent (10%) of the total number of issued shares at any point of time.

The purchased shares are being held as treasury shares in accordance with the requirements under Section 127 of the Companies Act 2016.

(c) Merger deficit

The merger deficit comprises the differences between the cost of acquisition and the nominal value of shares acquired during the acquisition of Sasbadi Sdn. Bhd. in 2014.

(d) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity instruments designated at fair value through other comprehensive income until the investments are derecognised or impaired.

(e) Revaluation reserve

The revaluation reserve relates to the revaluation of condominiums, leasehold land and buildings.

(f) Share option reserve

Share option reserve represents the effect of equity-settled share option granted to employees. This reserve is made up of the cumulative value of services received from employees for the issue of share option. Share option reserve in relation to the unexercised option at the expiry of the share option scheme will be transferred to retained earnings.

17. SHARE CAPITAL AND RESERVES (continued)

(f) Share option reserve (continued)

Employees' share option scheme ("ESOS")

The salient features of the Company's ESOS are, inter alia, as follows:

- i) The maximum number of shares which may be issued and allotted pursuant to the ESOS shall not exceed 10% of the total number of issued shares of the Company (excluding treasury shares, if any), at any point of time during the duration of the ESOS;
- ii) Any employee or executive director of the Group is eligible to participate in the ESOS provided that, as at the date of offer:
 - (a) The employee or executive director is a Malaysian citizen who has attained eighteen (18) years of age;
 - (b) The employee or executive director is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (c) The employee or executive director must have been confirmed in service and have served at least six (6) months in the employment of the Group;
 - (d) Where the employee or executive director is under an employment contract, the contract is for a duration of at least one (1) year and shall have not expired within three (3) months from the date of offer; and
 - (e) The employee or executive director has fulfilled any other criteria as may be imposed by the ESOS Committee from time to time.

Notwithstanding the above, the ESOS Committee may, at its sole and absolute discretion, waive any of the eligibility conditions set out above.

- iii) Not more than 10% of the shares available under the ESOS shall be allocated to any individual eligible person, who, either singly or collectively through persons connected with the eligible person, holds 20% or more of the total number of issued shares (excluding treasury shares, if any) of the Company;
- iv) Not more than 80% of the options available under the ESOS shall be allocated, in aggregate to executive directors and senior management;
- v) The ESOS shall be in force for a period of five (5) years from the effective date of 1 September 2016, and may be extended for a further five (5) years or a shorter period from the expiry of the first five (5) years; and
- vi) The exercise price shall be fixed based on the higher of a discount of not more than 10% to the five (5)-day volume weighted average market price of the shares of the Company immediately preceding the date of offer or the par value of the shares of the Company;

The Company has received all the relevant approvals, complied with the requirements pertaining to the ESOS, and submitted the final copy of the By-Laws of the ESOS to Bursa Malaysia Securities Berhad ("Bursa Securities") pursuant to paragraph 6.42 of the Bursa Securities Listing Requirements on 1 September 2016. The implementation of ESOS is thus effective from 1 September 2016. On 17 February 2021, the Board of Directors has 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.

17. SHARE CAPITAL AND RESERVES (continued)

(f) Share option reserve (continued)

Employees' share option scheme ("ESOS") (continued)

On 17 February 2021, the Company offered 10,000,000 options at an exercise price of RM0.12 each to its eligible employees under the ESOS ("ESOS 1"). During the current financial year, 450,000 (2022: 260,000) new ordinary shares were issued pursuant to the exercise of this ESOS and 4,165,000 (2022: 50,000) options had lapsed. On 10 March 2022, the Company offered another 12,000,000 options at an exercise price of RM0.10 each to its eligible employees under the ESOS ("ESOS 2"). During the current financial year, 8,320,000 (2022: 150,000) new ordinary shares were issued pursuant to the exercise of this ESOS and 200,000 (2022: Nil) options had lapsed.

In accordance with the ESOS, holders of vested ESOS options are entitled to purchase the Company's shares at the exercise price at the date of grant. The terms and conditions related to the grants of the share option programme are as follows:

Group	Grant date	Number of options ('000)	Vesting conditions	Contractual life of option
ESOS 1	17 February 2021	10,000	None	2 years
ESOS 2	10 March 2022	12,000	None	2 years

The number and weighted average exercise prices of share options are as follows:

Group	2023		2022	
	Exercise price RM	Number of options '000	Exercise price RM	Number of options '000
Outstanding at 1 September 2022/2021				
ESOS 1	0.12	4,615	0.12	4,925
ESOS 2	0.10	11,850	-	-
Granted during the financial year	-	-	0.10	12,000
Exercised:				
ESOS 1	0.12	(450)	0.12	(260)
ESOS 2	0.10	(8,320)	0.10	(150)
Lapsed:				
ESOS 1	0.12	(4,165)	0.12	(50)
ESOS 2	0.10	(200)	0.10	-
Outstanding and exercisable at 31 August		3,330		16,465
ESOS 1	0.12	-	0.12	4,615
ESOS 2	0.10	3,330	0.10	11,850
		3,330		16,465

17. SHARE CAPITAL AND RESERVES (continued)

(f) Share option reserve (continued)

Employees' share option scheme ("ESOS") (continued)

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes model, with the following inputs:

Group	2023 RM	2022 RM
Fair value of share options and assumptions		
<u>Fair value of grant date:</u>		
ESOS 1	0.05	0.05
ESOS 2	0.04	0.04
<u>Volume-weighted average share price:</u>		
ESOS 1	0.1296	0.1296
ESOS 2	0.1025	0.1025
<u>Exercise price:</u>		
ESOS 1	0.12	0.12
ESOS 2	0.10	0.10
<u>Volatility rate:</u>		
ESOS 1	65.37%	65.37%
ESOS 2	73.24%	73.24%
<u>Option life:</u>		
ESOS 1	2 years	2 years
ESOS 2	2 years	2 years
<u>Risk free rate:</u>		
ESOS 1	1.91%	1.91%
ESOS 2	2.65%	2.65%
<u>Dividend yield:</u>		
ESOS 1	Nil	Nil
ESOS 2	Nil	Nil

Value of employee services received for issue of share options is as follows:

Group	2023 RM'000	2022 RM'000
Share options granted, representing expenses recognised		
ESOS 2	-	480

The share options expense is not recognised in the profit or loss of the Company as it has been re-charged to the subsidiaries benefiting from the services of the employees.

18. LOANS AND BORROWINGS

Group	2023 RM'000	2022 RM'000
Non-current		
Hire purchase	447	38
Term loans - secured	895	1,321
	<u>1,342</u>	<u>1,359</u>

18. LOANS AND BORROWINGS (continued)

Group	2023 RM'000	2022 RM'000
Current		
Hire purchase	142	24
Term loans - secured	427	404
Bank overdrafts - secured	33	6,024
Bankers' acceptances - secured	6,682	4,411
	<u>7,284</u>	<u>10,863</u>
	<u>8,626</u>	<u>12,222</u>

- (a) Loans and borrowings are classified as financial liabilities measured at amortised cost.
- (b) Loans and borrowings are denominated in Ringgit Malaysia.
- (c) The term loans of the Group are secured by charges over the land and buildings (Note 5), corporate guarantees by the Company and letter of negative pledged.
- (d) The bank overdrafts of the Group are secured by charges over the land and buildings (Note 5), pledged deposits (Note 16), corporate guarantees by the Company and letter of negative pledge.
- (e) The bankers' acceptances are secured by charges over the land and buildings (Note 5), corporate guarantees by the Company and letter of negative pledge.
- (f) Fair value of the Group's hire purchase is categorised as Level 3 in the fair value hierarchy, which is estimated by discounting expected future cash flows at current market interest rates available for similar financial instruments. There were no transfers between levels in the hierarchy during the financial year. Hire purchase that is not carried at fair value and together with its carrying amount, is as follows:

Group	2023		2022	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Hire purchase	<u>589</u>	<u>666</u>	<u>62</u>	<u>70</u>

The carrying amounts of short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The carrying amount of term loans is reasonable approximation of fair value as they are floating rate instruments that are re-priced to market interest rate on or near to the reporting period.

18. LOANS AND BORROWINGS (continued)

- (g) The contractual interest/profit rates and interest profile of the loans and borrowings are as follows:

Group		2023	2022
		%	%
Hire purchase	Fixed rates	2.46 - 3.48	2.32 - 2.53
Term loans	Floating rates	5.42 - 6.17	5.42 - 5.67
Bank overdrafts	Floating rates	6.70	6.42 - 7.90
Bankers' acceptances	Fixed rates	<u>3.69 - 4.47</u>	<u>2.13 - 3.61</u>

The exposure to interest rate risk of the Group is not significant and therefore, sensitivity analysis is not presented.

- (h) Maturity profile based on contractual undiscounted repayment obligations

The maturity profile of loans and borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

Group	On demand	One to five	Over five	Total
	or within one year RM'000	years RM'000	years RM'000	
As at 31 August 2023				
Hire purchase	148	477	-	625
Term loans	499	915	-	1,414
Bank overdrafts	33	-	-	33
Bankers' acceptances	6,682	-	-	6,682
	<u>7,362</u>	<u>1,392</u>	<u>-</u>	<u>8,754</u>
As at 31 August 2022				
Hire purchase	31	39	-	70
Term loans	490	1,391	-	1,881
Bank overdrafts	6,024	-	-	6,024
Bankers' acceptances	4,411	-	-	4,411
	<u>10,956</u>	<u>1,430</u>	<u>-</u>	<u>12,386</u>

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade				
Trade payables	2,746	8,637	-	-
Non-trade				
Amount due to a subsidiary	-	-	4,920	6,371
Other payables and accrued expenses	10,537	10,372	260	203
	<u>13,283</u>	<u>19,009</u>	<u>5,180</u>	<u>6,574</u>

- (a) Trade and other payables are classified as financial liabilities and measured at amortised cost.
- (b) These are non-interest bearing and the normal credit terms granted to the Group and the Company range from cash term to 90 days (2022: cash term to 90 days) respectively. Trade and other payables are recognised at their original invoices amounts, which represent their fair values on initial recognition.
- (c) Trade and other payables are denominated in Ringgit Malaysia.
- (d) Amount due to a subsidiary is a non-trade advances in nature, unsecured, bears interest ranging from 2.73% to 3.00% per annum and is repayable in cash and cash equivalents within the next twelve (12) months.
- (e) Included in other payables and accrued expenses of the Group are accrued royalties payable of RM5,378,000 (2022: RM4,750,000).
- (f) Included in other payables and accrued expenses of the Group and of the Company are amounts due to Directors of RM172,000 (2022: RM120,000).
- (g) The maturity profile of trade and other payables of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

20. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers				
Sale of printed books, distribution of applied learning products and trading of paper	94,771	65,445	-	-
Sale of online/digital educational material	1,371	3,589	-	-
	<u>96,142</u>	<u>69,034</u>	<u>-</u>	<u>-</u>

20. REVENUE (continued)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers (continued)	96,142	69,034	-	-
Other revenue				
Dividend income	-	-	1,039	5,668
Total revenue	<u>96,142</u>	<u>69,034</u>	<u>1,039</u>	<u>5,668</u>
Timing and recognition for revenue from contracts with customers				
At a point in time	94,771	65,445	-	-
Over time	1,371	3,589	-	-
	<u>96,142</u>	<u>69,034</u>	<u>-</u>	<u>-</u>

- (a) Sale of printed books, distribution of applied learning products and trading of paper are recognised at a point in time when the goods are delivered and accepted by the customers at their premises.
- (b) Sale of online/digital educational material is recognised over time as the customer simultaneously receives and consumes the benefits provided as the Group performs.
- (c) Some contracts for the sales of printed books, distribution of applied learning products and trading of paper and online/digital educational material provide customers with a right of return the goods within a specified period. Under MFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. To account for the transfer of products with a right of return, the Group recognises all of the following:
- (i) revenue for the transferred products in the amount of consideration to which the entity expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned);
 - (ii) a refund liability; and
 - (iii) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers on settling the refund liability.
- (d) Dividend income is recognised when the shareholder's right to receive payment is established.
- (e) There is no significant financing component in the revenue arising as the sales and services are made on the normal credit terms not exceeding twelve (12) months.

21. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	827	973	147	-
Interest expense on lease liabilities	30	49	-	-
	<u>857</u>	<u>1,022</u>	<u>147</u>	<u>-</u>

Finance costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

22. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
After charging:				
Auditors' remuneration				
- statutory audit	303	267	65	60
- non-audit services	13	8	8	8
Amortisation of intangible assets	1,422	1,422	-	-
Depreciation of property, plant and equipment	2,194	1,932	-	-
Depreciation of investment properties	52	53	-	-
Expenses related to short-term leases and low-value assets	146	250	-	-
Impairment loss on investment in subsidiaries	-	-	80	-
Interest expenses in relation to lease liabilities	30	49	-	-
Net write down of inventories	3,037	3,450	-	-
Intangible assets written-off	12	-	-	-
Property, plant and equipment written-off	21	-	-	-
Personnel expenses:				
- Contributions to Employees' Provident Fund	2,175	1,872	-	-
- Wages, salaries and others	19,956	17,976	-	-
- Share-based payments	-	480	-	-
Realised foreign exchange loss	105	-	-	-
	<u>105</u>	<u>-</u>	<u>-</u>	<u>-</u>

22. PROFIT BEFORE TAX (continued)

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at: (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
After crediting:				
Dividend income from:				
- subsidiaries (unquoted)	-	-	(1,039)	(5,668)
- other investments (quoted)	-	(1)	-	-
Finance income	(42)	(30)	(575)	(1)
Gain on disposal of property, plant and equipment	(249)	(124)	-	-
Net reversal of impairment loss on trade receivables	(685)	(1,044)	-	-
Net reversal of impairment losses on amounts due from subsidiaries	-	-	(22)	-
Realised foreign exchange gain	-	(4)	-	-
Rental income from investment properties	(120)	(118)	-	-
Unrealised foreign exchange gain	(6)	-	-	-
	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Interest income is recognised as it accrues, using the effective interest method.

Rental income is accounted for on a straight-line basis over the lease term.

23. TAXATION

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax				
Current year	1,362	466	104	-
Over provision in prior years	(7)	(216)	-	-
	<u>1,355</u>	<u>250</u>	<u>104</u>	<u>-</u>
Deferred tax				
Origination and reversal of temporary differences (Note 10)	1,401	28	-	-
Under provision in prior years	226	852	-	-
	<u>1,627</u>	<u>880</u>	<u>-</u>	<u>-</u>
	<u>2,982</u>	<u>1,130</u>	<u>104</u>	<u>-</u>

23. TAXATION (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Reconciliation of tax expense				
Profit before tax	13,150	1,971	725	5,139
Income tax using Malaysian tax rate of 24% (2022: 24%)	3,156	473	174	1,233
Non-deductible expenses	897	374	179	127
Non-taxable income	(94)	(242)	(249)	(1,360)
Crystallisation of deferred tax	(186)	(146)	-	-
Utilisation of previously unrecognised deferred tax assets	(1,016)	-	-	-
Unrecognised deferred tax assets	172	35	-	-
Green investment tax allowance	(166)	-	-	-
	2,763	494	104	-
Over provision of current tax in prior years	(7)	(216)	-	-
Under provision of deferred tax in prior years	226	852	-	-
	2,982	1,130	104	-

Tax on each component of other comprehensive income is as follows:

Item that will not be reclassified subsequently to profit or loss

Group 2023	Before tax RM	Tax effect RM	After tax RM
Revaluation gain on property, plant and equipment	6,548	(1,572)	4,976
2022			
Net changes in fair value of equity investments designated at fair value through other comprehensive income	(5)	-	(5)

24. EARNINGS PER ORDINARY SHARE ("EPS")

The calculation of basic EPS was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	2023	2022
Profit attributable to ordinary shareholders (RM'000)	10,168	841
Weighted average number of ordinary shares ('000)	427,831	424,432
Basic earnings per ordinary share (sen)	2.38	0.20

Diluted earnings per ordinary share is calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, adjusted for the effects of dilutive potential ordinary shares. The effects of dilutive potential ordinary shares have been arrived at based on the assumption that ESOS are exercised and the ordinary shares to be issued are based on the assumed proceeds on the difference between average share price for the financial year and exercise price.

24. EARNINGS PER ORDINARY SHARE (“EPS”) (continued)

Group	2023	2022
Profit attributable to ordinary shareholders (RM'000)	10,168	841
Weighted average number of ordinary shares ('000)	427,831	424,432
Effect of dilution due to ESOS ('000)	1,147	2,426
Adjusted weighted average number of ordinary shares ('000)	428,978	426,858
Diluted earning per ordinary share (sen)	2.37	0.20

25. DIVIDENDS

On 18 April 2023, the Board of Directors declared and approved the payment of an interim single tier dividend of RM0.005 per ordinary share in respect of the financial year ended 31 August 2023. The interim dividend was paid on 30 May 2023 to shareholders registered in the Record of Depositors as at 16 May 2023 which amounts to RM2,154,217.62.

On 30 October 2023, the Board of Directors declared and approved the payment of a second interim single-tier dividend of RM0.0025 per ordinary share in respect of the financial year ended 31 August 2023. This second interim dividend is to be paid on 3 January 2024 to shareholders registered in the Record of Depositors as at 15 December 2023. The dividend will be accounted for as an appropriation of retained earnings in the financial year ending 31 August 2024.

26. OPERATING SEGMENTS

Segmental information is presented in accordance with the Group's operations and products.

For each operation and product, the Group's Managing Director (“GMD”), who is the chief operating decision maker, reviews internal management reports regularly.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation (“EBITDA”), as included in the internal management reports that are reviewed by the GMD. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the GMD. Segment total assets are used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the GMD. Hence, no disclosure is made on segment liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

Geographical segments

The Group operates primarily in Malaysia and as such, there are no geographical segment disclosures.

Major customer

Revenue from a customer of the Group amounted to RM11,463,000 (2022: RM9,979,000) contributed to more than 10% of the Group's revenue.

26. OPERATING SEGMENTS (continued)

Group 2023	Print Publishing RM'000	Digital Solutions and Network Marketing* RM'000	ALP and STEM Education^ RM'000	Corporate RM'000	Total RM'000
Segment profit/(loss) before tax (EBITDA)	15,491	1,751	1,526	330	19,098
Included in the measure of segment profit/(loss) before tax are:					
Revenue from external customers	87,547	5,584	3,011	-	96,142
Inter-company revenue	3,259	552	774	1,039	5,624
Not included in the measure of segment profit/(loss) before tax but provided to GMD:					
Depreciation and amortisation	(2,448)	(1,203)	(17)	-	(3,668)
Finance income	56	148	-	575	779
Finance costs	(1,447)	-	-	(147)	(1,594)
Taxation	(2,574)	-	(282)	(104)	(2,960)
Segment assets	195,937	12,746	2,252	119,694	330,629
Included in the measure of segment assets are:					
Additions to non-current assets other than financial instruments and deferred tax assets					
	2,338	292	-	-	2,630

* 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

26. OPERATING SEGMENTS (continued)

Group 2022	Print Publishing RM'000	Digital Solutions and Network Marketing* RM'000	ALP and STEM Education^ RM'000	Corporate RM'000	Total RM'000
Segment profit/(loss) before tax (EBITDA)	6,296	(63)	679	5,126	12,038
Included in the measure of segment profit/(loss) before tax are:					
Revenue from external customers	63,280	3,441	2,313	-	69,034
Inter-company revenue	1,425	148	-	5,668	7,241
Not included in the measure of segment profit/(loss) before tax but provided to GMD:					
Depreciation and amortisation	(2,911)	(481)	(15)	-	(3,407)
Finance income	29	-	-	1	30
Finance costs	(1,022)	-	-	-	(1,022)
Taxation	(1,073)	(105)	48	-	(1,130)
Segment assets	172,307	13,649	1,305	121,723	308,984
Included in the measure of segment assets are:					
Additions to non-current assets other than financial instruments and deferred tax assets					
	478	-	16	-	494

* 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

27. CAPITAL COMMITMENT

Group	2023 RM'000	2022 RM'000
Capital expenditure in respect of:		
Purchase of intellectual properties: - approved and contracted for	<u>1,000</u>	<u>-</u>

28. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios are as follows:

Group	2023 RM'000	2022 RM'000
Total loans and borrowings	8,626	12,222
Less: Cash and cash equivalents	<u>(11,640)</u>	<u>(10,378)</u>
Net (cash)/debt	<u>(3,014)</u>	<u>1,844</u>
Total equity	<u>153,126</u>	<u>139,250</u>
Net debt-to-equity ratio	<u>-*</u>	<u>0.01</u>

* The gearing ratio for the Group is not presented as the Group is net cash position.

There was no change in the Group's approach to capital management during the financial year.

(b) Financial risk management

The Group has exposures to the following risks from its use of financial instruments:

- i) Credit risk
- ii) Liquidity risk
- iii) Interest rate risk

i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its outstanding balances from customers and loans and advances to its subsidiaries. There are no significant changes as compared to prior periods.

28. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

i) Credit risk (continued)

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Information regarding credit risk concentration for trade and other receivables is disclosed in Note 15(e) to the financial statements.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risk. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Information regarding credit risk concentration for cash and cash equivalents is disclosed in Note 16(c) to the financial statements.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM8,037,000 (2022: RM12,160,000) representing the outstanding term loans, bankers' acceptances and bank overdrafts of the subsidiaries as at the end of the reporting period.

Maturity profile of financial guarantee contracts of the Company at the end of each reporting period based on contractual undiscounted repayment obligations, is repayable upon any default by the subsidiaries in respect of the guaranteed bank facilities.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

28. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

i) Credit risk (continued)

Other investments

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments, if any, are with approved financial institutions.

Information regarding credit risk concentration for other investments is disclosed in Note 9 to the financial statements.

The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain period. There are no significant changes as compared to prior periods.

ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk and the maturity profiles are as follows:

- (a) Lease liabilities, as disclosed in Note 11(f) to the financial statements;
- (b) Loans and borrowings, as disclosed in Note 18(h) to the financial statements; and
- (c) Trade and other payables, as disclosed in Note 19(g) to the financial statements.

The Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts. There are no significant changes as compared to prior periods.

iii) Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

28. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

iii) Interest rate risk (continued)

The Group's and the Company's exposure to interest rate risk and the relating interest rate profiles are as follows:

- (a) Amounts due from subsidiaries, as disclosed in Note 15(d) to the financial statements;
- (b) Lease liabilities, as disclosed in Note 11(g) to the financial statements;
- (c) Cash and cash equivalents, as disclosed in Note 16(d) to the financial statements;
- (d) Loans and borrowings, as disclosed in Note 18(g) to the financial statements; and
- (e) Amount due to a subsidiary, as disclosed in Note 19(d) to the financial statements.

The Group adopts a practice to continuously seek for alternative banking facilities which provide competitive interest rates to finance and/or refinance its working capital requirements.

29. GUARANTEES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Bank guarantees obtained by the Group to the Ministry of Education	541	181	-	-
In respect of corporate guarantees issued for subsidiaries	-	-	8,037	12,160
	<u>-</u>	<u>-</u>	<u>8,037</u>	<u>12,160</u>

As part of the agreements with the Ministry of Education, the Group has issued performance bond in the form of bank guarantees to the Ministry of Education for the supply of textbooks and applied learning products.

30. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group refer to the Directors of the Group.

30. RELATED PARTIES (continued)

The Group and the Company have related party relationships with its subsidiaries and key management personnel.

Related party transactions have been entered in the normal course of business under negotiated terms. The significant related party transactions are shown below.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Subsidiaries				
Share-based payments	-	-	-	(480)
Dividend income	-	-	(1,039)	(5,668)
	<u>-</u>	<u>-</u>	<u>(1,039)</u>	<u>(5,668)</u>
Key management personnel:				
Directors' remuneration				
- Fees	322	240	322	240
- Other emoluments	844	780	-	-
	<u>1,166</u>	<u>1,020</u>	<u>322</u>	<u>240</u>

The estimated monetary value of Directors' benefit-in-kind of the Group is RM59,100 (2022: RM59,100).

SASBADI HOLDINGS BERHAD
(Registration No. 201201038178 (1022660 - T))
(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
31 AUGUST 2023
