



SASBADI HOLDINGS BERHAD (1022660-T)

Incorporated in Malaysia under the Companies Act, 1965
THIRD QUARTER REPORT ENDED 31 MAY 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MAY 2014 ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year-	Preceding Year-
	Quarter	Quarter ⁽²⁾	To-Date	To-Date ⁽²⁾
	31.05.2014	31.05.2013	31.05.2014	31.05.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	17,941	N/A	61,932	N/A
Cost of sales	(9,831)	N/A	(32,174)	N/A
Gross profit	8,110	N/A	29,758	N/A
Other operating income	41	N/A	135	N/A
Distribution costs	(1,770)	N/A	(5,063)	N/A
Administrative expenses	(2,054)	N/A	(7,230)	N/A
Other operating expenses	(121)	N/A	(2,342)	N/A
Operating profit	4,206	N/A	15,258	N/A
Interest income	22	N/A	76	N/A
Finance costs	(189)	N/A	(359)	N/A
Profit before taxation	4,039	N/A	14,975	N/A
Tax expense	(1,035)	N/A	(3,942)	N/A
Profit/Total comprehensive income for the financial period	3,004	N/A	11,033	N/A
Profit/Total comprehensive income attributable to:				
- Owners of the parent	3,004	N/A	11,033	N/A
- Non-controlling interests	-	N/A	-	N/A
	3,004	N/A	11,033	N/A
Earnings per share (sen) attributable to owners of the parent:				
- Basic ⁽³⁾	2.84	N/A	10.43	N/A
- Diluted	N/A	N/A	N/A	N/A



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Notes:

N/A Not applicable

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Proforma Consolidated Financial Information and Accountants' Report as disclosed in the Prospectus of the Company dated 7 July 2014 and the accompanying explanatory notes attached to these interim financial statements.*
- (2) No comparative figures for the preceding financial year's corresponding quarter and preceding financial year's corresponding period-to-date are available as these are the first interim financial statements on the consolidated results for the third quarter ended 31 May 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*
- (3) Based on the issued share capital of 105,800,000 shares after the completion of the Acquisitions (as detailed in Note B7 (ii)) but prior to the Public Issue (as detailed in Note B7 (iii)).*



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2014 ⁽¹⁾

		As at 31.05.2014 RM'000	As at 31.08.2013 ⁽²⁾ RM'000
ASSETS			
Property, plant and equipment		27,520	N/A
Other investments		37	N/A
Intangible assets		5,088	N/A
Total non-current assets		32,645	N/A
Inventories		17,826	N/A
Trade and other receivables and other assets		28,860	N/A
Prepayments		289	N/A
Current tax assets		501	N/A
Cash and cash equivalents		12,663	N/A
Total current assets		60,139	N/A
Total assets		92,784	N/A
Equity			
Share capital		52,900	N/A
Reserves		13,275	N/A
Total equity attributable to owners of the Company		66,175	N/A
LIABILITIES			
Borrowings		124	N/A
Deferred tax liabilities		3,450	N/A
Total non-current liabilities		3,574	N/A
Borrowings		9,646	N/A
Trade and other payables		9,516	N/A
Provisions		2,249	N/A
Current tax liabilities		1,624	N/A
Total current liabilities		23,035	N/A
Total liabilities		26,609	N/A
Total equity and liabilities		92,784	N/A
Net assets per share attributable to the owners of the parent (RM) ⁽³⁾		0.63	N/A



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Notes:

N/A Not applicable

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Proforma Consolidated Financial Information and Accountants' Report as disclosed in the Prospectus of the Company dated 7 July 2014 and the accompanying explanatory notes attached to these interim financial statements.*
- (2) No comparative figures for the preceding financial year are available as these are the first interim financial statements on the consolidated results for the third quarter ended 31 May 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*
- (3) Based on the issued share capital of 105,800,000 shares after the completion of the Acquisitions (as detailed in Note B7 (ii)) but prior to the Public Issue (as detailed in Note B7 (iii)).*



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 MAY 2014 ⁽¹⁾

		Non- distributable Merger deficit RM'000	Non- distributable Revaluation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 September 2013	#	-	-	(862)	(862)
Effect arising from merger	52,900	(50,500)	11,340	50,764	64,504
Total comprehensive income for the financial period	-	-	-	11,033	11,033
Dividends paid	-	-	-	(8,500)	(8,500)
At 31 May 2014	52,900	(50,500)	11,340	52,435	66,175

Notes:

No comparative figures for the preceding financial year are available as these are the first interim financial statements on the consolidated results for the third quarter ended 31 May 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This represents RM2.00.

(1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Proforma Consolidated Financial Information and Accountants' Report as disclosed in the Prospectus of the Company dated 7 July 2014 and the accompanying explanatory notes attached to these interim financial statements.

(2) Based on the issued share capital of 105,800,000 shares after the completion of the Acquisitions (as detailed in Note B7 (ii)) but prior to the Public Issue (as detailed in Note B7 (iii)).



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 MAY 2014 ⁽¹⁾

		Current Year-To-Date 31.05.2014 RM'000	Preceding Year-To-Date 31.05.2013 ⁽²⁾ RM'000
Cash flows from operating activities			
Profit before tax		14,975	N/A
Adjustments for:			
Amortisation of intangible assets		413	N/A
Depreciation on property, plant and equipment		1,526	N/A
Gain on disposal of property, plant and equipment		(41)	N/A
Interest expense		284	N/A
Interest income		(76)	N/A
Provision for sales returns		1,188	N/A
Operating profit before changes in working capital		18,269	N/A
Changes in working capital:			
Inventories		(2,793)	N/A
Trade and other receivables, and other assets		(8,426)	N/A
Trade and other payables		2,981	N/A
Cash generated from operations		10,031	N/A
Income taxes paid net of refund		(3,446)	N/A
Interest paid		(265)	N/A
Interest received		76	N/A
Net cash generated from operating activities		6,396	N/A
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		41	N/A
Purchase of property, plant and equipment		(1,023)	N/A
Purchase of intangible assets		(5,500)	N/A
Net cash used in investing activities		(6,482)	N/A





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A EXPLANATION NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1. Accounting Policies and Basis of Preparation

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

These are the first interim financial statements on the consolidated results for the third quarter ended 31 May 2014 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding financial year’s corresponding period.

These interim financial statements should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants’ Report as disclosed in the Prospectus of the Company dated 7 July 2014 and the accompanying explanatory notes attached to these interim financial statements.

The Group has adopted merger accounting method for the preparation of these interim financial statements. The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted as disclosed in the Accountants’ Report in the Prospectus of the Company dated 7 July 2014, except for the adoption of the following:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*



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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014 (cont'd)

- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group is currently assessing the financial impact of adopting the aforementioned MFRSs, Interpretations and amendments.

A2. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Reports on the financial statements of the Company and its subsidiaries for the financial year ended 31 August 2013 were not qualified.

A3. Seasonality or Cyclicity of Operations

For the last four (4) financial years between financial years ended ("FYE") 31 August 2010 and 2013, we consistently recorded highest sales in our second financial quarter (December to February) with an average contribution of 49.9% of the total sales for each financial year.

For the last four (4) financial years between FYE 31 August 2010 and 2013, December and January consistently experienced the top two highest sales with the exception of FYE 31 August 2012, where our monthly sales were the highest in December and February. Our peak sales season coincides with the purchase of educational materials for the start of each new academic year for national schools.

For the last four (4) financial years between FYE 31 August 2010 and 2013, we had consistently been recording lowest quarterly sales for our fourth financial quarter (June to August), which contributed an average of 6.2% of our total sales for each financial year.

For FYE 31 August 2014, we expect some changes in our seasonality patterns due to the abolishment of Penilaian Menengah Rendah to be replaced by Form 3 Assessment (PT3 - Pentaksiran Tingkatan 3) as per the circular by the Ministry of Education on 31 March 2014. In this regard, in June 2014, the Group has launched new series of model test papers based on the PT3 format for lower secondary levels of education. In addition, the Group is also in the midst of publishing new series of assessment books and revision guides based on the PT3 format. As such, we expect to record sales from PT3 educational materials in our fourth financial quarter (June to August) of 2014.

We also expect to record sales of post-secondary educational materials in our fourth financial quarter (June to August) of 2014, which coincides with the intake of post-secondary students in May for National schools.



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A4. Unusual Items

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

A5. Changes in Estimates

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

A6. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter and financial year-to-date except for those disclosed in Note B7.

A7. Dividend Paid

No dividend was paid by the Company in the current quarter. However, prior to the completion of the Acquisitions as disclosed in Note B7(ii) below, the Company's subsidiary, Sasbadi Sdn Bhd ("Sasbadi"), had, on 3 April 2014 and 16 May 2014, paid a dividend in respect of the financial year ending 31 August 2014 totaling RM8.5 million to the then existing shareholders of the said subsidiary.



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A8. Segment Information

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

	Current quarter ended 31.05.2014								
	Sasbadi Holdings Berhad	Sasbadi Sdn Bhd	Sasbadi Online Sdn Bhd	Orbit Buku Sdn Bhd	Maya Press Sdn Bhd	Malaysian Book Promotions Sdn Bhd	Sasbadi Learning Solutions Sdn Bhd	MBP Publications Sdn Bhd	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
Revenue from external customers	-	16,139	697	294	-	811	-	-	17,941
Inter-company revenue	-	141	-	11	-	249	-	-	401
Results									
Segment profit/(loss)	(15)	3,827	333	188	(1)	524	(6)	(6)	4,844
Depreciation and amortisation	-	(628)	(10)	-	-	-	-	-	(638)
Interest income	-	22	-	-	-	-	-	-	22
Finance costs	-	(188)	-	(1)	-	-	-	-	(189)
Tax expense	-	(924)	-	-	-	(111)	-	-	(1,035)

	Current year-to-date ended 31.05.2014								
	Sasbadi Holdings Berhad	Sasbadi Sdn Bhd	Sasbadi Online Sdn Bhd	Orbit Buku Sdn Bhd	Maya Press Sdn Bhd	Malaysian Book Promotions Sdn Bhd	Sasbadi Learning Solutions Sdn Bhd	MBP Publications Sdn Bhd	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
Revenue from external customers	-	55,995	791	991	-	4,155	-	-	61,932
Inter-company revenue	-	271	3	129	-	1,137	-	-	1,540
Results									
Segment profit/(loss)	(108)	14,382	(148)	450	(4)	2,637	(6)	(6)	17,197
Depreciation and amortisation	-	(1,909)	(29)	(1)	-	-	-	-	(1,939)
Interest income	-	76	-	-	-	-	-	-	76
Finance costs	-	(358)	-	(1)	-	-	-	-	(359)
Tax expense	-	(3,229)	(53)	-	-	(660)	-	-	(3,942)

Comparative figures for the preceding financial year's corresponding quarter and preceding financial year's corresponding period-to-date are not available as these are the first interim financial statements for the third quarter ended 31 May 2014 being announced by the Company.



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A9. Material Events Subsequent to the End of the Interim Period

Saved as disclosed in Note B7 on the Status of Corporate Proposals, there were no other material events subsequent to the end of the current quarter up to the date of issue of this report that have not been reflected in the financial statements for the current quarter and financial year-to-date.

A10. Effects of Changes in Composition of the Group

Upon completion of the Acquisitions as disclosed under Note B7(ii) on the Status of Corporate Proposals, Sasbadi Sdn Bhd, Maya Press Sdn Bhd, Malaysian Book Promotions Sdn Bhd, Orbit Buku Sdn Bhd and Sasbadi Online Sdn Bhd became wholly-owned subsidiaries of the Company.

The Acquisitions were accounted for using the Merger Accounting Method whereby the difference between the acquisition costs and the nominal value of the share capital of the subsidiaries is taken to the merger reserve or deficit, where applicable. The Acquisitions have resulted in a merger deficit amounting to RM50.500 million.

In addition, the Company had:

- (i) on 28 March 2014, incorporated and subscribed for 999 ordinary shares of RM1.00 each and subsequently on the same date acquired 1 ordinary share of RM1.00 each in MBP Publications Sdn Bhd, resulting in MBP Publications Sdn Bhd being a wholly-owned subsidiary of the Company; and
- (ii) on 3 April 2014, incorporated and subscribed for 999 ordinary shares of RM1.00 each and subsequently on the same date acquired 1 ordinary share of RM1.00 each in Sasbadi Learning Solutions Sdn Bhd, resulting in Sasbadi Learning Solutions Sdn Bhd being a wholly-owned subsidiary of the Company.

A11. Capital Commitments

There are no material capital commitments for the current quarter.

A12. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

	As at
	31.05.2014
	RM'000
Bank guarantees obtained by Sasbadi to Ministry of Education	229

Contingent Assets

The Group does not have any material contingent assets as at 31 May 2014.



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

B1. Review of Performance

The Group achieved revenue of RM17.941 million and recorded profit before tax of RM4.039 million for the current quarter and revenue of RM61.932 million and profit before tax of RM14.975 million for the current financial year-to-date. The revenue and profitability of the Group during the current quarter and financial year-to-date was derived mainly from Sasbadi Sdn Bhd, which is mainly involved in education print publishing and distribution of applied learning products. Meanwhile, sales of online educational products which is under Sasbadi Online Sdn Bhd have picked up during the current quarter due to the launching of new products based on the modified version of the school based assessment implemented in April 2014.

The profit after tax for the current financial year-to-date under review of RM11.033 million was arrived at after taking into account an underprovision of sales returns for past year examination papers amounting to RM1.3 million. There is also a recognition of RM0.4 million as impairment of intangible assets as a result of the acquisition of the publishing rights and production files from Pearson Malaysia Sdn Bhd in September 2013.

No comparative figures are presented for the preceding financial year's corresponding period and preceding year's corresponding period-to-date as these are the first interim financial statements on the consolidated results for the third quarter ended 31 May 2014 announced by the Company.

B2. Variation of Results for the current quarter ended 31 May 2014 against the immediate preceding quarter

No comparative figures are presented for the immediate preceding quarter as these are the first interim financial statements on the consolidated results for the third quarter ended 31 May 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

B3. Group's Prospects for the financial year ending 31 August 2014 ("FYE 31 August 2014")

As disclosed in the Prospectus of the Company dated 7 July 2014, for FYE 31 August 2014, we expect some changes in our seasonality patterns due to the abolishment of Penilaian Menengah Rendah to be replaced by Form 3 Assessment (PT3 - Pentaksiran Tingkatan 3) as per the circular by the Ministry of Education on 31 March 2014. In this regard, in June 2014, the Group has launched new series of model test papers based on the PT3 format for lower secondary levels of education. In addition, the Group is also in the midst of publishing new series of assessment books and revision guides based on the PT3 format. As such, we expect to record sales from PT3 educational materials in our fourth financial quarter (June to August) of 2014. We also expect to record sales of post-secondary educational materials in our fourth financial quarter (June to August) of 2014, which coincides with the intake of post-secondary students in May for National schools.

Premised on the above, we are cautiously optimistic that our Group's prospects are positive for the year.

B4. Variance of Profit Forecast

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



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B5. Notes to the Statement of Comprehensive Income

The profit before taxation is arrived at after charging / (crediting):-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year-	Preceding Year-
	Quarter	Quarter	To-Date	To-Date
	31.05.2014	31.05.2013 ⁽¹⁾	31.05.2014	31.05.2013 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	138	N/A	413	N/A
Gain on disposal of property, plant and equipment	(41)	N/A	(41)	N/A
Depreciation of property, plant and equipment	500	N/A	1,526	N/A
Impairment loss on trade receivables	-	N/A	197	N/A
Interest expense	178	N/A	284	N/A
Interest income	(22)	N/A	(76)	N/A
Inventories write down / (Reversal of inventories write down)	352	N/A	(189)	N/A
Realised foreign exchange (gain)/loss	(22)	N/A	19	N/A
(Reversal of provision for sales returns) / Provision for sales return	(1,900)	N/A	1,188	N/A

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

Notes:

N/A Not applicable

(1) No comparative figures for the preceding financial year's corresponding quarter and preceding financial year's corresponding period-to-date are available as these are the first interim financial statements on the consolidated results for the third quarter ended 31 May 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.



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B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year-	Preceding Year-
	Quarter	Quarter	To-Date	To-Date
	31.05.2014	31.05.2013 ⁽¹⁾	31.05.2014	31.05.2013 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	560	N/A	4,257	N/A
- prior period	-	N/A	275	N/A
	560	N/A	4,532	N/A
Deferred tax expense				
- current period	475	N/A	(323)	N/A
- prior period	-	N/A	(267)	N/A
	475	N/A	(590)	N/A
Tax expense	1,035	N/A	3,942	N/A

Notes:

N/A Not applicable

(1) No comparative figures for the preceding financial year's corresponding quarter and preceding financial year's corresponding period-to-date are available as these are the first interim financial statements on the consolidated results for the third quarter ended 31 May 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

The effective tax rate for the current quarter and financial year-to-date is higher than the statutory tax rate of 25% mainly due to non-deductible expenses.

B7. Status of Corporate Proposals

In conjunction with, and as an integral part of the Company's listing on Main Market of Bursa Securities, the following listing scheme was/is undertaken by the Company:

(i) Dividend Payment

Prior to the completion of the Acquisitions as disclosed in Note B7(ii) below, the Company's subsidiary, Sasbadi, had, on 3 April 2014 and 16 May 2014, paid a dividend in respect of the FYE 31 August 2014 totalling RM8.5 million to the then existing shareholders of the said subsidiary.



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B7. Status of Corporate Proposals (Cont'd)

(ii) Acquisitions

(a) Acquisition of Sasbadi Sdn Bhd ("Sasbadi")

Acquisition by the Company of the entire issued and paid-up share capital in Sasbadi comprising 2,400,000 ordinary shares of RM1.00 each for a total purchase consideration of RM52,899,998 satisfied by the issuance of 105,799,996 new ordinary shares of RM0.50 each in the Company at an issue price of RM0.50 each. This acquisition was completed on 19 May 2014.

(b) Acquisition of Maya Press Sdn Bhd ("Maya Press")

Acquisition by the Company of the entire issued and paid-up share capital in Maya Press comprising two (2) ordinary shares of RM1.00 each for a total purchase consideration of RM1.00 which was reflected as amount owing by Sasbadi Holdings to Sasbadi. This acquisition was completed on 19 May 2014.

(c) Acquisition of Malaysian Book Promotions Sdn Bhd ("Malaysian Book Promotions")

Acquisition by the Company of the entire issued and paid-up share capital in Malaysian Book Promotions comprising 75,005 ordinary shares of RM1.00 each for a total purchase consideration of RM77,754 which was reflected as amount owing by Sasbadi Holdings to Sasbadi. This acquisition was completed on 19 May 2014.

(d) Acquisition of Orbit Buku Sdn Bhd ("Orbit Buku")

Acquisition by the Company of the entire issued and paid-up share capital in Orbit Buku comprising 10,000 ordinary shares of RM1.00 each for a total purchase consideration of RM1.00 which was reflected as amount owing by Sasbadi Holdings to Sasbadi. This acquisition was completed on 19 May 2014.

(e) Acquisition of Sasbadi Online Sdn Bhd ("Sasbadi Online")

Acquisition by the Company of the entire issued and paid-up share capital in Sasbadi Online comprising 10,000 ordinary shares of RM1.00 each for a total purchase consideration of RM277,919 which was reflected as amount owing by Sasbadi Holdings to Sasbadi. This acquisition was completed on 19 May 2014.



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B7. Status of Corporate Proposals (Cont'd)

(iii) Initial Public Offering

Public Issue

The Company is undertaking a public issue of 21,200,000 new ordinary shares of RM0.50 each, representing approximately 16.7% of the Company's enlarged issued and paid-up share capital, at an issue price of RM1.19 per share in the following manner:

- (a) 6,350,000 new shares available for application by the public, of which at least 50% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions;
- (b) 5,700,000 new shares available for application by eligible Directors, employees and persons who have contributed to the success of the Group;
- (c) 9,150,000 new shares by way of placement to selected investors;

and;

Offer for sale

Offer for sale of up to 35,950,000 existing ordinary shares of RM0.50 each, representing approximately up to 28.3% of the Company's enlarged issued and paid-up share capital, by Law King Hui, Lee Swee Hang and Lee Eng Sang at an offer price of RM1.19 per share in the following manner:

- (a) Up to 12,700,000 existing shares by way of placement to Bumiputera investors approved by the Ministry of International Trade and Industry;
- (b) Up to 23,250,000 existing shares by way of placement to selected investors.

(iv) Vendors' Shareholdings Reorganisation

During the prescription period, the Vendors (being Law King Hui, Lee Swee Hang and Lee Eng Sang) will undertake a reorganisation exercise involving the transfer of 25,400,000 ordinary shares of RM0.50 each in the Company, which they received from the Acquisition of Sasbadi, to Karya Kencana Sdn Bhd ("Karya Kencana"), an investment holding company substantially owned by the Vendors. In this regard, the Vendors have on 29 May 2013, entered into a conditional share sale agreement with Karya Kencana in respect of the Vendors' Shareholdings Reorganisation for a purchase consideration of RM30,226,000. The purchase consideration will be satisfied via issuance of 99,000 new ordinary shares of RM1.00 each in Karya Kencana ("Karya Kencana Shares") and the balance will be reflected as amount owing by Karya Kencana to the Vendors. Details of the Vendors' Shareholdings Reorganisation are as follows:



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B7. Status of Corporate Proposals (Cont'd)

(iv) Vendors' Shareholdings Reorganisation (Cont'd)

	No. of shares in the Company to be transferred under the Vendors' Shareholdings Reorganisation	To be satisfied via	
		New Karya Kencana Shares	Cash* RM
Law King Hui	12,700,000	49,500	15,063,500
Lee Swee Hang	6,350,000	24,750	7,531,750
Lee Eng Sang	6,350,000	24,750	7,531,750
	25,400,000	99,000	30,127,000

Note:

* Reflected as amount owing by Karya Kencana to the respective vendors.

(v) Listing on Bursa Securities

The listing of and quotation for the Company's entire enlarged issued and paid-up share capital of RM63,500,000 comprising 127,000,000 ordinary shares of RM0.50 each on the Main Market of Bursa Malaysia Securities Berhad, which is scheduled to take place on 23 July 2014.

Subsequent to the listing on the Main Market of Bursa Securities which is scheduled on 23 July 2014, the gross proceeds from the public issue amounting to RM25.228 million will be utilised in the following manner:

	Purposes	RM'000	%	Estimated timeframe for use (from the listing date)
(i)	Establishment of applied learning centres	1,000	4.0	Within two (2) years
(ii)	Part-financing of proposed acquisition of publishing businesses	11,500	45.6	Within two (2) years
(iii)	Financing of proposed acquisition of an office cum warehouse building	7,000	27.7	Within two (2) years
(iv)	Working capital*	2,728	10.8	Within one (1) year
(v)	Estimated listing expenses*	3,000	11.9	Upon Listing
	Total gross proceeds	<u>25,228</u>	<u>100.0</u>	

Note: The utilisation of proceeds as disclosed above should be read in conjunction with Section 3.6 of the Prospectus of the Company dated 7 July 2014.

* If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilized for working capital purposes.

As at the date of this report, save as disclosed above, there are no other corporate proposals that are pending for completion.



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B8. Group Borrowings

Total Group borrowings as at 31 May 2014 were as follows:

	As at
	31.05.2014
	RM'000
Non-current - secured	
Finance lease liabilities	124
	124
Current - secured	
Finance lease liabilities	223
Bankers' acceptances	1,420
Bank overdraft	8,003
	9,646
	9,770

The above borrowings are denominated in Ringgit Malaysia.

B9. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant, which has a material effect on the financial position of the Group, and the Directors do not have any knowledge of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group, as at the date of this report.

B10. Dividend

No dividend was declared or recommended for payment by the Company during the quarter under review.



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B11. Earnings Per Share

(a) Basic Earnings Per Share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year-	Preceding Year-
	Quarter	Quarter	To-Date	To-Date
	31.05.2014	31.05.2013 ⁽¹⁾	31.05.2014	31.05.2013 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	3,004	N/A	11,033	N/A
Weighted average number of ordinary shares of RM0.50 each in issue ('000)*	105,800	N/A	105,800	N/A
Basic earnings per ordinary shares (sen)	2.84	N/A	10.43	N/A

Note:

N/A Not applicable

* Based on the issued share capital after the completion of the Acquisitions as detailed in Note B7 (ii) but prior to the Public Issue as detailed in Note B7 (iii).

(1) No comparative figures for the preceding financial year's corresponding quarter and preceding financial year's corresponding period-to-date are available as these are the first interim financial statements on the consolidated results for the third quarter ended 31 May 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

(b) Diluted Earnings Per Share

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



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B12. Realised and Unrealised Profits / Losses Disclosure

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

	As at
	31.05.2014
	RM'000
Total retained earnings of the Group	
- Realised	58,134
- Unrealised	(5,699)
	<u>52,435</u>

Prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses as issued by Malaysian Accounting Standards Board at the directive of Bursa Securities.