SASBADI HOLDINGS BERHAD (1022660-T)

Incorporated in Malaysia under the Companies Act, 1965
FOURTH QUARTER REPORT ENDED 31 AUGUST 2014

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter (2)	Current Year-To-Date	Preceding Year-To-Date (2)
	31.08.2014	31.08.2013	31.08.2014	31.08.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	17,549	N/A	79,481	N/A
Cost of sales	(10,270)	N/A	(42,444)	N/A
Gross profit	7,279	N/A	37,037	N/A
Other operating income	-	N/A	119	N/A
Distribution costs	(1,111)	N/A	(6,159)	N/A
Administrative expenses	(4,152)	N/A	(11,381)	N/A
Other operating expenses	(82)	N/A	(2,423)	N/A
Operating profit	1,934	N/A	17,193	N/A
Interest income	55	N/A	132	N/A
Finance costs	(97)	N/A	(456)	N/A
Profit before taxation	1,892	N/A	16,869	N/A
Tax expense	(676)	N/A	(4,618)	N/A
Profit for the financial period/year	1,216	N/A	12,251	N/A
Other comprehensive income, net of tax				
Revaluation surplus on property, plant and equipment	2,256	N/A	2,256	N/A
Total comprehensive income for the financial period/year	3,472	N/A	14,507	N/A
Profit attributable to:				
- Owners of the parent	1,216	N/A	12,251	N/A
- Non-controlling interests	-	N/A	-	N/A
	1,216	N/A	12,251	N/A
Total comprehensive income attributable to:				
- Owners of the parent	3,472	N/A	14,507	N/A
- Non-controlling interests	-	N/A	-	N/A
	3,472	N/A	14,507	N/A
Earnings per share (sen) attributable to owners of the parent:				
- Basic (3)	1.05	N/A	11.32	N/A
- Diluted	N/A	N/A	N/A	N/A

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 second interim financial statements on the consolidated results for the fourth quarter ended 31 August 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(3) Based on the weighted average number of ordinary shares in issue as detailed in Note B11.

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

	As at 31.08.2014 RM'000	As at 31.08.2013 (2) RM'000
ASSETS		
Property, plant and equipment	30,261	N/A
Other investments	37	N/A
Intangible assets	4,950	N/A
Total non-current assets	35,248	N/A
Inventories	20,269	N/A
Trade and other receivables and other assets	30,989	N/A
Prepayments	381	N/A
Current tax assets	742	N/A
Cash and cash equivalents	23,926	N/A
Total current assets	76,307	N/A
Total assets	111,555	N/A
Equity		
Share capital	63,500	N/A
Reserves	30,210	N/A
Total equity attributable to owners of the Company	93,710	N/A
LIABILITIES		
Borrowings	198	N/A
Deferred tax liabilities	3,727	N/A
Total non-current liabilities	3,925	N/A
Borrowings	3,462	N/A
Trade and other payables	7,396	N/A
Provisions	1,683	N/A
Current tax liabilities	1,379	N/A
Total current liabilities	13,920	N/A
Total liabilities	17,845	N/A
Total equity and liabilities	111,555	N/A
Net assets per share attributable to the owners of the parent (RM) (3)	0.74	N/A

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 second interim financial statements on the consolidated results for the fourth quarter ended 31 August 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 127,000,000 ordinary shares after the completion of the Acquisitions (as detailed in Note B7 (ii)) and after the Public Issue (as detailed in Note B7 (iii)).

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

	Share capital RM'000	Non-distributable Share premium RM'000	Non-distributable Revaluation reserve RM'000	Non-distributable Merger deficit RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 September 2013	#	-	-	-	(862)	(862)
Effect arising from merger	52,900	-	11,340	(50,500)	50,764	64,504
Public issue of shares	10,600	14,628	-	-	-	25,228
Share issue expenses	-	(1,167)	-	-	-	(1,167)
Other comprehensive income for the financial year						
- Revaluation surplus of property, plant and equipment (net of tax)	-	-	2,256	-	-	2,256
Profit for the financial year	-	-	-	-	12,251	12,251
Dividends paid	-	-	-	-	(8,500)	(8,500)
At 31 August 2014	63,500	13,461	13,596	(50,500)	53,653	93,710

Notes:

No comparative figures for the preceding financial year are available as these are the second interim financial statements on the consolidated results for the fourth quarter ended 31 August 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.

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

	Current Year-To-Date 31.08.2014 RM'000	Preceding Year-To-Date 31.08.2013 (2) RM'000
Cash flows from operating activities		
Profit before tax	16,869	N/A
Adjustments for:		
Amortisation of intangible assets	550	N/A
Depreciation on property, plant and equipment	2,034	N/A
Gain on disposal of property, plant and equipment	(41)	N/A
Interest expense	373	N/A
Interest income	(132)	N/A
Listing expenses	1,330	N/A
Provision for sales returns	622	N/A
Operating profit before changes in working capital	21,605	N/A
Changes in working capital:		
Inventories	(5,235)	N/A
Trade and other receivables, and other assets	(10,646)	N/A
Trade and other payables	862	N/A
Cash generated from operations	6,586	N/A
Income taxes paid net of refund	(5,084)	N/A
Interest paid	(349)	N/A
Interest received	132	N/A
Net cash generated from operating activities	1,285	N/A
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	41	N/A
Purchase of property, plant and equipment	(1,265)	N/A
Purchase of intangible assets	(5,500)	N/A
Net cash used in investing activities	(6,724)	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2014 [1] (*CONT'D*)

	Current Year-To-Date 31.08.2014 RM'000	Preceding Year-To-Date 31.08.2013 [2] RM'000
Cash flows from financing activities		
Repayment of finance lease liabilities	(249)	N/A
Net proceeds from issuance of shares	22,731	N/A
Dividends paid	(8,500)	N/A
Interest paid	(24)	N/A
Net cash generated from financing activities	13,958	N/A
Net increase in cash and cash equivalents	8,519	N/A
Cash and cash equivalents at beginning of the financial year	12,044	N/A
Cash and cash equivalents at end of the financial year	20,563	N/A
Cash and cash equivalents comprise the following statement of financial position amounts:		
Cash and bank balances	23,887	N/A
Deposit placed with a licensed bank	39	N/A
Bank overdrafts	(3,363)	N/A
	20,563	N/A

Notes:

N/A Not applicable

(1) The Unaudited Condensed Consolidated Statement of Cash Flows 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 period-to-date are available as these are the second interim financial statements on the consolidated results for the fourth quarter ended 31 August 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 second interim financial statements on the consolidated results for the fourth quarter ended 31 August 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.

These interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("the Group") since the financial year ended 31 August 2013.

The Group has adopted merger accounting method for the preparation of these interim financial statements, 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, as disclosed in Note B7(ii) below, have resulted in a merger deficit amounting to RM50.5 million.

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)*
- 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 Cyclicality of Operations

For the four (4) financial years ended ("FYE") 31 August 2010 to 2013, the Group had consistently recorded highest and lowest quarterly sales in the second financial quarter (December to February) and the fourth financial quarter (June to August), respectively. The peak sales season (December to February) coincides with the purchase of educational materials for the start of new academic year for national schools.

For FYE 31 August 2014, however, the Group experienced some changes in the seasonality patterns as it had introduced new educational materials in June 2014 to cater for the then newly announced format for Form 3 Assessment (PT3 – Pentaksiran Tingkatan 3), which replaced Penilaian Menengah Rendah. In addition, the Group also recorded sales of post-secondary educational materials in the fourth financial quarter (June to August) of 2014, which coincided with the intake of post-secondary students in May for national schools.

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, save for the implementation of the listing scheme as disclosed in Note B7.

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.

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 31.08.2014 ---------->								
	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	-	13,690	739	138	-	2,982	-	-	17,549
Inter-company revenue	-	484	-	127	-	555	-	-	1,166
Results									
Segment profit/(loss)	(1,238)	1,595	18	(114)	(1)	2,321	(1)	(1)	2,579
Depreciation and amortisation	-	(635)	(10)	-	-	-	-	-	(645)
Interest income	55	-	-	-	-	-	-	-	55
Finance costs	-	(97)	-	-	-	-	-	-	(97)
Tax expense	-	(150)	53	-	-	(579)	-	-	(676)

	<---------- Current year-to-date ended 31.08.2014 ---------->								
	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	-	69,685	1,530	1,129	-	7,137	-	-	79,481
Inter-company revenue	-	755	3	256	-	1,692	-	-	2,706
Results									
Segment profit/(loss)	(1,346)	15,978	(130)	336	(5)	4,958	(7)	(7)	19,777
Depreciation and amortisation	-	(2,544)	(39)	(1)	-	-	-	-	(2,584)
Interest income	55	77	-	-	-	-	-	-	132
Finance costs	-	(455)	-	(1)	-	-	-	-	(456)
Tax expense	-	(3,379)	-	-	-	(1,239)	-	-	(4,618)

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 second interim financial statements for the fourth quarter ended 31 August 2014 being announced by the Company.

A9. Valuations of Property, Plant and Equipment

During the period, the Group had revalued its leasehold land and building situated at Kota Damansara, Petaling Jaya, Selangor Darul Ehsan and generated a revaluation reserve of RM2.256 million net of deferred tax.

A10. Material Events Subsequent to the End of the Interim Period

There were no 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.

A11. Effects of Changes in Composition of the Group

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

A12. Capital Commitments

There are no material capital commitments for the current quarter.

A13. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

	As at 31.08.2014 RM'000
Bank guarantees obtained by the subsidiary, Sasbadi Sdn Bhd, to Ministry of Education	236

Contingent Assets

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

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

B1. Review of Performance

The Group achieved revenue of RM17.549 million and recorded profit before taxation of RM1.892 million for the current quarter and revenue of RM79.481 million and profit before tax of RM16.869 million for the current financial year-to-date. The revenue and profits 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. Malaysian Book Promotions Sdn Bhd, which is involved in the publishing and distribution of printed educational materials, particularly from the publishing rights and production files acquired by the Group from Pearson Malaysia Sdn Bhd in September 2013, also contributed to the Group's revenue and profits. Meanwhile, sales of online educational products, which is under Sasbadi Online Sdn Bhd, during the current quarter were mainly from products introduced to the market based on the modified version of the school based assessment implemented in national schools in April 2014.

The profit after taxation for the current financial year-to-date under review of RM12.251 million was arrived at after taking into account an underprovision of sales returns for past year examination papers amounting to RM1.3 million recorded in the second financial quarter ended 28 February 2014. There is also a recognition of RM0.6 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. In addition, listing expenses of RM1.3 million was recognised in the statement of profit or loss during the current financial year-to-date for the Company's listing on the Main Market of Bursa Securities.

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

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

The Group recorded revenue of RM17.549 million in the current quarter under review compared to the immediate preceding quarter's revenue of RM17.941 million, a slight decrease of RM0.392 million or 2.2%. On the other hand, the Group's profit before taxation for the current quarter under review decreased by RM2.147 million or 53.2% compared to the immediate preceding quarter. This was mainly due to listing expenses amounting to RM1.3 million which was recognised in the current quarter under review.

The Group's revenue during the current quarter under review was mainly contributed by sales of new educational materials introduced in June 2014 to cater for the then newly announced format for Form 3 Assessment (PT3 – Pentaksiran Tingkatan 3), which replaced Penilaian Menengah Rendah as well as sales of post-secondary educational materials. As a result, the Group's trade receivables have increased to RM30.71 million as at 31 August 2014

B3. Group's Prospects for the financial year ending 31 August 2015 ("FYE 31 August 2015")

As disclosed in the Prospectus of the Company dated 7 July 2014, the Group's future plans involve, amongst others, the acquisition of publishing businesses. This, together with organic growth, will provide the impetus for the Group to achieve growth in the business and revenue.

On 29 October 2014, the Company has announced that the subsidiary, Sasbadi Sdn Bhd, has on 28 October 2014 entered into a Sale Agreement and Assignment of Intellectual Property Rights ("the Agreement") with Penerbitan Multimedia Sdn Bhd ("PMSB") to acquire all the rights, title and interest in the publishing list of PMSB relating to learning and educational materials as attached in the Agreement and the trademark of PMSB comprising trade name, word mark, device mark at the purchase price of RM1,000,000 ("Proposed Acquisition"). The Proposed Acquisition will allow the Group to venture into the teacher education segment in which the Group presently has no market share.

Premised on the above and barring any unforeseen circumstances, we are cautiously optimistic that our Group's prospects for FYE 31 August 2015 will be positive.

B4. Variance of Profit Forecast

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

B5. Notes to the Statement of Comprehensive Income

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year-To-Date	Preceding Year-To-Date
	31.08.2014	31.08.2013 (1)	31.08.2014	31.08.2013 (1)
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	138	N/A	550	N/A
Gain on disposal of property, plant and equipment	-	N/A	(41)	N/A
Depreciation of property, plant and equipment	509	N/A	2,034	N/A
Impairment loss on trade receivables	-	N/A	197	N/A
Interest expense	89	N/A	373	N/A
Interest income	(55)	N/A	(132)	N/A
Net reversal of inventories write down	(1,368)	N/A	(1,557)	N/A
Realised foreign exchange (gain)/loss	(4)	N/A	14	N/A
(Reversal of provision for sales returns) / Provision for sales return	(566)	N/A	622	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 second interim financial statements on the consolidated results for the fourth quarter ended 31 August 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year-To-Date	Preceding Year-To-Date
	31.08.2014	31.08.2013 (1)	31.08.2014	31.08.2013 (1)
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	1,151	N/A	5,408	N/A
- prior period	-	N/A	275	N/A
	1,151	N/A	5,683	N/A
Deferred tax expense				
- current period	(475)	N/A	(798)	N/A
- prior period	-	N/A	(267)	N/A
	(475)	N/A	(1,065)	N/A
Tax expense	676	N/A	4,618	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 second interim financial statements on the consolidated results for the fourth quarter ended 31 August 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 Sdn Bhd, 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.

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 the Company 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 the Company 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 the Company 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 the Company to Sasbadi. This acquisition was completed on 19 May 2014.

B7. Status of Corporate Proposals *(Cont'd)*

(iii) Initial Public Offering

Public Issue

The Company undertook 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% were 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) undertook 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 had 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 was satisfied via issuance of 99,000 new ordinary shares of RM1.00 each in Karya Kencana ("Karya Kencana Shares") and the balance reflected as amount owing by Karya Kencana to the Vendors. Details of the Vendors' Shareholdings Reorganisation are as follows:

B7. Status of Corporate Proposals *(Cont'd)*

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

	No. of shares in the Company transferred under the Vendors' Shareholdings Reorganisation	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 Securities, which took place on 23 July 2014.

The gross proceeds from the Public Issue amounted to RM25.228 million. The status of the utilisation of the proceeds raised from the Public Issue as at 31 August 2014 is as follows:

	Purposes	Proposed utilisation	Actual utilisation	Deviation	Balance	Estimated timeframe for utilisation (from the listing date)
		RM'000	RM'000	RM'000	RM'000	
(i)	Establishment of applied learning centres	1,000	-	-	1,000	Within two (2) years
(ii)	Part-financing of proposed acquisition of publishing businesses	11,500	-	-	11,500^	Within two (2) years
(iii)	Financing of proposed acquisition of an office cum warehouse building	7,000	-	-	7,000	Within two (2) years
(iv)	Working capital	2,728	(2,382)	(346)*	-	Within one (1) year
(v)	Estimated listing expenses	3,000	(3,346)	346*	-	Upon Listing
	Total gross proceeds	25,228	(5,728)	-	19,500	

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.*

* *The actual listing expenses incurred were more than the estimated listing expenses by RM0.346 million mainly due to higher than expected incidental charges incurred in conjunction with the listing exercise. In accordance with Section 3.6 of the Prospectus of the Company dated 7 July 2014, the deficit was funded out of the portion allocated for working capital.*

^ *On 29 October 2014, the Company has announced the revision in the utilisation of the proceeds earmarked for part-financing of proposed acquisition of publishing businesses, as follows:*

Purposes	Balance	Revision	Balance After Revision	Estimated timeframe for utilisation (from the listing date)
	RM'000	RM'000	RM'000	
Part-financing of proposed acquisition of publishing businesses	11,500	(1,000)	10,500	Within two (2) years
Financing of the Proposed Acquisition as disclosed in Note B3 above	-	1,000	1,000	Within one (1) year
	11,500	-	11,500	

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

B8. Group Borrowings

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

	As at 31.08.2014 RM'000
Non-current - secured	
Finance lease liabilities	198
	198
Current - secured	
Finance lease liabilities	99
Bank overdraft	3,363
	3,462
	3,660

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.

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 Quarter	Preceding Year Quarter	Current Year-To-Date	Preceding Year-To-Date
	31.08.2014	31.08.2013 (1)	31.08.2014	31.08.2013 (1)
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period/year	1,216	N/A	12,251	N/A
Weighted average number of ordinary shares of RM0.50 each in issue ('000)*	115,352	N/A	108,188	N/A
Basic earnings per ordinary shares (sen)	1.05	N/A	11.32	N/A

Notes:

N/A Not applicable

* *Based on the issued share capital after the completion of the Acquisitions as detailed in Note B7 (ii) and after 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 second interim financial statements on the consolidated results for the fourth quarter ended 31 August 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.

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 31.08.2014 RM'000
Total retained earnings of the Group	
- Realised	59,063
- Unrealised	(5,410)
	53,653

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.