SASBADI HOLDINGS BERHAD (1022660-T)

Incorporated in Malaysia under the Companies Act, 1965
FOURTH QUARTER REPORT ENDED 31 AUGUST 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND TWELVE (12) MONTHS ENDED 31 AUGUST 2015 (1)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year-To-Date	Preceding Year-To-Date
	31.08.2015	31.08.2014	31.08.2015	31.08.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	20,104	17,577	87,408	79,509
Cost of sales	(11,835)	(10,588)	(45,909)	(42,762)
Gross profit	8,269	6,989	41,499	36,747
Other operating income	487	86	626	221
Distribution expenses	(1,766)	(1,549)	(7,428)	(6,612)
Administrative expenses	(3,414)	(2,265)	(12,173)	(9,808)
Other operating expenses	(244)	(1,310)	(1,122)	(3,339)
Operating profit	3,332	1,951	21,402	17,209
Interest income	107	56	447	132
Finance costs	(112)	(97)	(472)	(456)
Profit before tax	3,327	1,910	21,377	16,885
Tax expense	(640)	(692)	(5,591)	(4,634)
Profit for the financial period/year	2,687	1,218	15,786	12,251
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Revaluation surplus on property, plant and equipment	-	2,256	-	2,256
Total comprehensive income for the financial period/year	2,687	3,474	15,786	14,507
Profit attributable to:				
- Owners of the Company	2,233	1,218	15,332	12,251
- Non-controlling interests	454	-	454	-
	2,687	1,218	15,786	12,251
Total comprehensive income attributable to:				
- Owners of the Company	2,233	3,474	15,332	14,507
- Non-controlling interests	454	-	454	-
	2,687	3,474	15,786	14,507
Earnings per share (sen) attributable to owners of the Company:				
- Basic (2)	1.76	1.06	12.07	11.32
- 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 Audited Financial Statements of Sasbadi Holdings Berhad ("the Company") for the financial year ended 31 August 2014 and the accompanying explanatory notes attached to these interim financial statements.
(2) 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 2015 (1)

	Unaudited As at 31.08.2015 RM'000	Audited As at 31.08.2014 RM'000
ASSETS		
Property, plant and equipment	30,872	30,261
Intangible assets	20,714	4,950
Other investments	343	37
Total non-current assets	51,929	35,248
Inventories	37,059	20,215
Current tax assets	4,744	741
Trade and other receivables	41,984	31,163
Prepayments	244	884
Cash and cash equivalents	8,338	26,290
Total current assets	92,369	79,293
Total assets	144,298	114,541
EQUITY		
Share capital	63,500	63,500
Share premium	13,461	13,461
Reserves	28,270	16,748
Equity attributable to owners of the Company	105,231	93,709
Non-controlling interests	4,885	-
Total equity	110,116	93,709
LIABILITIES		
Borrowings	98	198
Deferred tax liabilities	5,596	4,332
Total non-current liabilities	5,694	4,530
Borrowings	9,333	5,827
Provisions	1,199	1,683
Trade and other payables	13,697	8,004
Current tax liabilities	4,259	788
Total current liabilities	28,488	16,302
Total liabilities	34,182	20,832
Total equity and liabilities	144,298	114,541
Net assets per share attributable to the owners of the Company (RM) (2)	0.83	0.74

Notes:

(1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2014 and the accompanying explanatory notes attached to these interim financial statements.
(2) Based on the issued share capital of 127,000,000 ordinary shares.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2015 [1]

	Share capital	*Non-distributable* Share premium	*Non-distributable* Merger reserve/(deficit)	*Non-distributable* Revaluation reserve	*Distributable* Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 September 2013	#	-	2,400	11,340	49,901	63,641	-	63,641
Contributions by and distributions to owners of the Company								
Dividends paid by a subsidiary to the previous owners	-	-	-	-	(8,500)	(8,500)	-	(8,500)
Effect of acquisition of a subsidiary	52,900	-	(52,900)	-	-	-	-	-
Issue of ordinary shares	10,600	14,628	-	-	-	25,228	-	25,228
Share issuance expenses	-	(1,167)	-	-	-	(1,167)	-	(1,167)
Total transactions with owners of the Company	63,500	13,461	(52,900)	-	(8,500)	15,561	-	15,561
Revaluation surplus on property, plant and equipment	-	-	-	2,256	-	2,256	-	2,256
Total other comprehensive income	-	-	-	2,256	-	2,256	-	2,256
Profit for the financial year	-	-	-	-	12,251	12,251	-	12,251
Total comprehensive income for the financial year	-	-	-	2,256	12,251	14,507	-	14,507
At 31 August 2014/1 September 2014	63,500	13,461	(50,500)	13,596	53,652	93,709	-	93,709
Acquisition of subsidiaries	-	-	-	-	-	-	4,431	4,431
Profit/Total comprehensive income for the financial year	-	-	-	-	15,332	15,332	454	15,786
Dividend to owners of the Company	-	-	-	-	(3,810)	(3,810)	-	(3,810)
At 31 August 2015	63,500	13,461	(50,500)	13,596	65,174	105,231	4,885	110,116

Notes:

 # This represents RM2.00.

(1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2014 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2015 [1]

	Current Year-To-Date 31.08.2015 RM'000	Preceding Year-To-Date 31.08.2014 RM'000
Cash flows from operating activities		
Profit before tax	21,377	16,885
Adjustments for:		
Amortisation of intangible assets	617	550
Depreciation on property, plant and equipment	2,488	2,034
Gain on disposal of property, plant and equipment	(132)	(41)
Interest expense	434	373
Interest income	(447)	(132)
Change in fair value of other investment	64	-
Listing expenses	-	1,330
(Reversal of provision for sales returns)/Provision for sales returns	(484)	622
Operating profit before changes in working capital	23,917	21,621
Changes in inventories	(11,013)	(5,182)
Changes in trade and other receivables and prepayments	(3,197)	(11,499)
Changes in trade and other payables	619	1,469
Cash generated from operations	10,326	6,409
Tax paid	(5,891)	(5,084)
Interest paid	(422)	(349)
Interest received	447	132
Net cash generated from operating activities	4,460	1,108
Cash flows from investing activities		
Acquisition of intangible assets	(1,000)	(5,500)
Acquisition of property, plant and equipment	(2,509)	(1,264)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(18,633)	-
Proceeds from disposal of property, plant and equipment	145	41
Net cash used in investing activities	(21,997)	(6,723)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2015 [1] (*CONT'D*)

	Current Year-To-Date 31.08.2015 RM'000	Preceding Year-To-Date 31.08.2014 RM'000
Cash flows from financing activities		
Dividends paid to previous owners of a subsidiary	-	(8,500)
Dividends paid to owners of the Company	(3,810)	-
Net drawdown of bankers' acceptance	941	-
Gross proceeds from issuance of shares	-	25,228
Interest paid	(12)	(24)
Listing expenses paid	-	(2,322)
Repayment of finance lease liabilities	(99)	(249)
Net cash (used in)/generated from financing activities	(2,980)	14,133
Net (decrease)/increase in cash and cash equivalents	(20,517)	8,518
Cash and cash equivalents at beginning of the financial year	20,562	12,044
Cash and cash equivalents at end of the financial year	45	20,562
Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:		
Cash and bank balances	8,299	26,251
Deposit placed with a licensed bank	39	39
	8,338	26,290
Less: Bank overdraft	(8,293)	(5,728)
	45	20,562

Notes:

(1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2014 and the accompanying explanatory notes attached to these interim financial statements.

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 Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), International Accounting Standard ("IAS") 34: Interim Financial Reporting issued by the International Accounting 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 interim financial statements should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 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 2014.

The significant accounting policies and methods of computation applied in these unaudited condensed interim financial statements are consistent with those adopted as disclosed in the Audited Financial Statements of the Company for the financial year ended 31 August 2014, except for the following accounting standards, amendments and interpretations that have been issued by the MASB but have not been adopted by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

The Group plans to apply the abovementioned accounting standards, amendments and interpretations:

- From the annual period beginning on 1 September 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to MFRS 11, MFRS 14, MFRS 141 and Amendments to MFRS 119 which are not applicable to the Group.

- From the annual period beginning on 1 September 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group except as mentioned below:

MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Group's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

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 2014 were not qualified.

A3. Seasonality or Cyclicality of Operations

The Group's business operations are exposed to seasonality patterns as the Group generally experiences significantly higher quarterly sales in the second financial quarter (December to February) compared to the other three (3) financial quarters. This is primarily caused by the timing of the start of the academic year for national schools. As a result, the seasonal sales patterns may adversely impact on the Group's quarterly revenue, profit and cash flow. Nevertheless, the Group takes the seasonality patterns into consideration in our cash flow planning.

A4. Unusual Items

There were no significant items affecting assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size and incidence 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.

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 31.08.2015 ---------->										
	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	Sanjung Unggul Sdn Bhd and its subsidiaries	Inter-company elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue											
Revenue	-	12,327	311	1,013	-	2,340	1,746	-	4,281	(1,914)	20,104
Cost of sales	-	(9,934)	(544)	(545)	-	(734)	(852)	-	(1,840)	2,614	(11,835)
Gross profit	-	2,393	(233)	468	-	1,606	894	-	2,441	700	8,269
Add/(Less)											
Other operating income											487
Distribution expenses											(1,766)
Administrative expenses											(3,414)
Other operating expenses											(244)
Operating profit											3,332

	<---------- Current year-to-date ended 31.08.2015 ---------->										
	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	Sanjung Unggul Sdn Bhd and its subsidiaries	Inter-company elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue											
Revenue	3,840	72,905	1,995	1,993	-	7,044	4,891	-	4,281	(9,541)	87,408
Cost of sales	-	(43,129)	(1,151)	(954)	-	(2,964)	(2,272)	-	(1,840)	6,401	(45,909)
Gross profit	3,840	29,776	844	1,039	-	4,080	2,619	-	2,441	(3,140)	41,499
Add/(Less)											
Other operating income											626
Distribution expenses											(7,428)
Administrative expenses											(12,173)
Other operating expenses											(1,122)
Operating profit											21,402

	<---------- Preceding financial year's corresponding 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	Inter-company elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
Revenue	3,000	14,201	739	265	-	3,537	-	-	(4,165)	17,577
Cost of sales	-	(9,525)	(680)	(250)	-	(1,126)	-	-	993	(10,588)
Gross profit	3,000	4,676	59	15	-	2,411	-	-	(3,172)	6,989
Add/(Less)										
Other operating income										86
Distribution expenses										(1,549)
Administrative expenses										(2,265)
Other operating expenses										(1,310)
Operating profit										1,951

	<---------- Preceding financial year's corresponding 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	Inter-company elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
Revenue	3,000	70,467	1,533	1,385	-	8,829	-	-	(5,705)	79,509
Cost of sales	-	(40,915)	(1,099)	(566)	-	(3,503)	-	-	3,321	(42,762)
Gross profit	3,000	29,552	434	819	-	5,326	-	-	(2,384)	36,747
Add/(Less)										
Other operating income										221
Distribution expenses										(6,612)
Administrative expenses										(9,808)
Other operating expenses										(3,339)
Operating profit										17,209

A9. Valuation of Property, Plant and Equipment

There were no amendments to the valuation of property, plant and equipment that have been brought forward from the Audited Financial Statements of the Company for the financial year ended 31 August 2014.

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

Save as disclosed below, there were no changes in the composition of the Group during the current quarter:

On 21 August 2015, the Company completed the acquisition of 70% equity interest in Sanjung Unggul Sdn Bhd ("Sanjung Unggul") for a cash consideration of RM21,000,000.00. Sanjung Unggul has a wholly-owned subsidiary, i.e. The Malaya Press Sdn Berhad, which in turn, has three (3) wholly-owned subsidiaries, i.e. Big Tree Publications Sdn Bhd, Jinbang Publication Sdn Bhd and Media Distribution Sdn Bhd *(Note: Sanjung Unggul and its subsidiaries are herein collectively known as "the Sanjung Unggul Group")*.

The effects of the acquisition of 70% equity interest in Sanjung Unggul on the Group is as follows:

	RM'000	**RM'000**
Purchase consideration		21,000
Provisional fair value of identifiable net assets (including intellectual properties) of the Sanjung Unggul Group	14,769	
(x) 70% equity interest	70%	
Share of the provisional fair value of identifiable net assets (including intellectual properties) of the Sanjung Unggul Group		(10,338)
Goodwill on acquisition*		10,662

Note:

* *The Group is currently undertaking a purchase price allocation exercise to determine the fair values of the identifiable assets (including intellectual properties) and liabilities of the Sanjung Unggul Group. In this regard, the amount of goodwill on acquisition is subject to changes pending the completion of the purchase price allocation exercise.*

A12. Capital Commitments

Save for the proposed acquisition of the leasehold industrial land with a three (3) – storey factory building erected thereon for a total cash consideration of RM7,500,000.00 (as disclosed in Note B7(i)(b) below), of which RM750,000.00 has been paid, there were no material capital commitments for the Group for the current quarter.

A13. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

	As at 31.08.2015 RM'000	As at 31.08.2014 RM'000
Bank guarantees obtained by the subsidiary, Sasbadi Sdn Bhd, to Ministry of Education	488	236

Contingent Assets

The Group does not have any material contingent assets as at 31 August 2015.

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

B1. Review of Performance

Current Quarter ended 31 August 2015 against Preceding Financial Year's Corresponding Quarter ended 31 August 2014

The Group recorded revenue (after inter-company elimination) and profit before tax ("PBT") of RM20.104 million and RM3.327 million, respectively, for the current quarter, as compared to RM17.577 million and RM1.910 million, respectively, for the preceding financial year's corresponding quarter.

The revenue (before inter-company elimination) of the Group for the current quarter was mainly derived from Sasbadi Sdn Bhd, which is involved in education print publishing (Current Quarter: Revenue of RM12.327 million and gross profit of RM2.393 million, vis-à-vis Preceding Financial Year's Corresponding Quarter: Revenue of RM14.201 million and gross profit of RM4.676 million). Sasbadi Learning Solutions Sdn Bhd, which commenced operations in January 2015 by assuming the activity of distributing applied learning products of Sasbadi Sdn Bhd, recorded revenue of RM1.746 million and gross profit of RM0.894 million during the current quarter.

Meanwhile, Malaysian Book Promotions Sdn Bhd, which is involved in the publishing and distribution of printed educational materials, also contributed to the Group's revenue and gross profit (Current Quarter: Revenue of RM2.340 million and gross profit of RM1.606 million, vis-à-vis Preceding Financial Year's Corresponding Quarter: Revenue of RM3.537 million and gross profit of RM2.411 million). Sasbadi Online Sdn Bhd, our online educational resources arm, recorded revenue of RM0.311 million and gross loss of RM0.233 million for the current quarter vis-à-vis preceding financial year's corresponding quarter's revenue and gross profit of RM0.739 million and RM0.059 million, respectively.

The Sanjung Unggul Group, which was acquired by the Group in the current quarter, contributed revenue, gross profit and PBT of RM4.281 million, RM2.441 million and RM2.021 million respectively in the said quarter. The Sanjung Unggul Group is principally involved in publishing books and educational materials catering for students in national-type Chinese schools (Sekolah Jenis Kebangsaan (Cina)).

The increase in the Group's revenue, gross profit and PBT for the current quarter was mainly attributable to the contribution from the Sanjung Unggul Group post acquisition.

Current Financial Year-to-Date ended 31 August 2015 against Preceding Financial Year's Corresponding Year-to-Date ended 31 August 2014

The Group recorded revenue (after inter-company elimination) and profit before tax ("PBT") of RM87.408 million and RM21.377 million, respectively, for the current financial year-to-date, as compared to RM79.509 million and RM16.885 million, respectively, for the preceding financial year's corresponding year-to-date.

The revenue (before inter-company elimination) of the Group for the current financial year-to-date was mainly derived from Sasbadi Sdn Bhd (Current Financial Year-to-Date: Revenue of RM72.905 million and gross profit of RM29.776 million, vis-à-vis Preceding Financial Year's Corresponding Year-to-Date: Revenue of RM70.467 million and gross profit of RM29.552 million). Sasbadi Learning Solutions Sdn Bhd contributed revenue and gross profit of RM4.891 million and RM2.619 million, respectively, during the current financial year-to-date.

Malaysian Book Promotions Sdn Bhd's contribution to the Group's revenue and gross profit for the current financial year-to-date were RM7.044 million and RM4.080 million, respectively (as compared to the preceding financial year's corresponding year-to-date's revenue of RM8.829 million and gross profit of RM5.326 million). Sasbadi Online Sdn Bhd recorded revenue of RM1.995 million and gross profit of RM0.844 million for the current financial year-to-date, an improvement compared to preceding financial year's corresponding year-to-date's revenue and gross profit of RM1.533 million and RM0.434 million, respectively, mainly due to the recognition of the one-off licence fee charged to PT. Penerbit Erlangga for the use of our interactive online learning system in Indonesia.

The increase in PBT for the current financial year-to-date was mainly due to the increase in revenue (organically as well as from the acquisition of the Sanjung Unggul Group) as well as the non-incurrence of a one-off under provision for sales returns of RM1.345 million and listing expenses of RM1.330 million (which was recorded in the preceding financial year's corresponding year-to-date). This was partly offset by higher personnel costs as the Group increased staff headcount to cater for business expansion.

B2. Variation of Results for the current quarter ended 31 August 2015 against the immediate preceding quarter

The Group recorded revenue of RM20.104 million in the current quarter compared to the immediate preceding quarter's revenue of RM18.868 million, an increase of RM1.236 million or 6.6%. However, the Group's PBT for the current quarter decreased by RM0.972 million or 22.6% to RM3.327 million compared to RM4.299 million in the immediate preceding quarter.

The Group recorded lower PBT in the current quarter, despite higher revenue, mainly owing to lower gross profit margin and higher operating costs incurred.

B3. Group's Prospects for the financial year ending 31 August 2016

Based on the Economic Report 2015/2016, the Malaysian economy is expected to expand between 4% and 5% in 2016 despite the increased uncertainty in the global economy. The growth is expected to be driven by domestic demand, with private expenditure being the main anchor. While the domestic market has been soft since the implementation of the Goods and Services Tax ("GST") regime in April this year, the impact of GST on prices is expected to wane in 2016.

On the education front, the 2016 Budget has allocated RM41.3 billion under the Malaysian Education Blueprint 2013-2025 to strengthen Malaysia's quality of education. The Ministry of Education Malaysia ("MoE") has recently announced several tenders for Kurikulum Standard Sekolah Rendah Year 1 textbooks (four (4) packages for Sekolah Jenis Kebangsaan (Cina) and three (3) packages for Sekolah Jenis Kebangsaan (Tamil)) and Kurikulum Standard Sekolah Menengah textbooks (ten (10) packages for Form 1, one (1) package for lower secondary, and three (3) packages for Form 4). The winning tenders are to deliver the textbooks to national schools in 2016 (for use in 2017). More textbook tenders may also be called in the next few months.

The Group will continue to pursue acquisition opportunities, besides organic growth, as a strategy for growth. The Group will continue to look for acquisition targets within the education/publishing industry which are synergistic or complementary to our business. For organic growth, the Group will continue to introduce new titles/products to the market and collaborate with strategic partners to open up new sales channels. The Group will participate in textbook tenders and explore opportunities for other MoE tenders.

Premised on the above and barring any unforeseen circumstances, the Group is cautiously optimistic of our prospects and performance for the financial year ending 31 August 2016.

B4. Variance of Profit Forecast

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

B5. Notes to the Statement of Comprehensive Income

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year-To-Date	Preceding Year-To-Date
	31.08.2015	31.08.2014	31.08.2015	31.08.2014
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	163	137	617	550
Depreciation on property, plant and equipment	798	508	2,488	2,034
Loss/(Gain) on disposal of property, plant and equipment	7	-	(132)	(41)
Impairment loss on trade receivables	-	-	-	197
Interest expense	138	89	434	373
Interest income	(107)	(56)	(447)	(132)
(Net reversal of inventories write down)/Net inventories write-down	(35)	(1,368)	2,192	(1,557)
Listing expenses	-	1,330	-	1,330
Realised foreign exchange loss/(gain)	31	(5)	164	14
(Reversal of provision for sales returns)/Provision for sales returns	(1,488)	(566)	(484)	622
Under provision for sales returns in prior year	-	-	-	1,345

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

B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year-To-Date	Preceding Year-To-Date
	31.08.2015	31.08.2014	31.08.2015	31.08.2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period/year	396	560	5,591	4,817
- prior period/year	-	2	-	277
	396	562	5,591	5,094
Deferred tax expense				
- current period/year	244	105	-	(218)
- prior period/year	-	25	-	(242)
	244	130	-	(460)
Total income tax expense	640	692	5,591	4,634

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

B7. Status of Corporate Proposals and Utilisation of Proceeds

(i) Status of Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed at the date of this report:

(a) The Company has, on 29 June 2015, entered into a conditional share sale agreement ("SSA") with Chua Chong Keow, Amir Hamzah Bin Mohd Yusof and Norizan Binti Samausi to acquire 100% of the issued and paid-up share capital of PMI Education Sdn Bhd, comprising 1,000,000 ordinary shares of RM1.00 each, for a purchase price of RM2,600,000.00 to be settled via cash ("Proposed PMI Acquisition"). The Proposed PMI Acquisition is pending fulfillment of the conditions precedent as set out in the SSA.

(b) Sasbadi Sdn Bhd, a wholly-owned subsidiary of the Company, has, on 13 August 2015, entered into a conditional sale and purchase agreement with Tama Equity Sdn Bhd to acquire a parcel of leasehold industrial land held under H.S.(D) 283534, PT 12527, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor, measuring approximately 1,157.993 square meters (equivalent to 12,464,53 square feet) with a three (3) – storey factory building erected thereon, for a total cash consideration of RM7,500,000.00 ("Proposed Property Acquisition"). The Proposed Property Acquisition is pending completion.

(ii) Utilisation of proceeds

The Company was listed on the Main Market of Bursa Securities on 23 July 2014. The status of the utilisation of the gross proceeds of RM25.228 million raised from the Public Issue as at 31 August 2015 is as follows:

	Purpose	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	(134)	-	866	Within two (2) years
(ii)	Part-financing of proposed acquisition of publishing businesses	17,500^	(17,500)	-	-	Within two (2) years
(iii)	Financing of the acquisition of intellectual property rights	1,000^^	(1,000)	-	-	Within one (1) year
(iv)	Working capital	2,728	(2,379)	(349)*	-	Within one (1) year
(v)	Estimated listing expenses	3,000	(3,349)	349*	-	Upon Listing
	Total gross proceeds	25,228	(24,362)	-	866	

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 and the Company's announcements dated 29 October 2014 and 7 August 2015..

^ *Revised as per the Company's announcements dated 29 October 2014 and 7 August 2015.*

^^ *Revised as per the Company's announcement dated 29 October 2014.*

* *The actual listing expenses incurred were more than the estimated listing expenses by RM0.349 million mainly due to higher than estimated professional fees, underwriting commission and placement fee. 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.*

B8. Group Borrowings

Total Group borrowings as at 31 August 2015 were as follows:

	As at 31.08.2015 RM'000	As at 31.08.2014 RM'000
Non-current		
Finance lease liabilities	98	198
	98	198
Current		
Finance lease liabilities	99	99
Bank overdraft - secured	8,293	5,728
Bankers' acceptance - secured	941	-
	9,333	5,827
	9,431	6,025

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

The Board of Directors recommend the payment of a final single tier dividend of two (2) sen per ordinary share of RM0.50 each in respect of the financial year ended 31 August 2015. The final dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

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
	31.08.2015	31.08.2014	31.08.2015	31.08.2014
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	2,233	1,218	15,332	12,251
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	127,000	115,352	127,000	108,188
Basic earnings per ordinary share (sen)	1.76	1.06	12.07	11.32

(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 31.08.2015 RM'000	As at 31.08.2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	71,969	59,667
- Unrealised	(6,795)	(6,015)
	65,174	53,652

Prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants on 20 December 2010.

By order of the Board
Kuala Lumpur
29 October 2015