



SASBADI HOLDINGS BERHAD (1022660-T)

Incorporated in Malaysia under the Companies Act, 1965

THIRD QUARTER REPORT ENDED 31 MAY 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND NINE (9) MONTHS ENDED ON 31 MAY 2016 ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.05.2016 RM'000	Preceding Year Quarter 31.05.2015 RM'000	Current Year-To-Date 31.05.2016 RM'000	Preceding Year-To-Date 31.05.2015 RM'000
Revenue	22,416	18,868	77,302	67,304
Cost of sales	(10,990)	(10,026)	(39,248)	(34,074)
Gross profit	11,426	8,842	38,054	33,230
Other operating income	307	76	324	139
Distribution expenses	(2,144)	(1,517)	(7,147)	(5,662)
Administrative expenses	(3,632)	(2,677)	(11,997)	(8,759)
Other operating expenses	(211)	(392)	(713)	(878)
Operating profit	5,746	4,332	18,521	18,070
Interest income	175	118	250	340
Finance costs	(222)	(151)	(794)	(360)
Profit before tax	5,699	4,299	17,977	18,050
Tax expense	(1,642)	(1,185)	(4,936)	(4,951)
Profit for the financial period	4,057	3,114	13,041	13,099
Other comprehensive income, net of tax				
Fair value of available-for-sale financial assets	(18)	-	11	-
Total comprehensive income for the financial period	4,039	3,114	13,052	13,099
Profit attributable to :				
- Owners of the Company	3,844	3,114	12,511	13,099
- Non-controlling interests	213	-	530	-
Total comprehensive income attributable to :	4,057	3,114	13,041	13,099
attributable to :				
- Owners of the Company	3,832	3,114	12,519	13,099
- Non-controlling interests	207	-	533	-
	4,039	3,114	13,052	13,099
Earnings per share (sen) attributable to owners of the Company:				
- Basic ⁽²⁾	1.38	1.23	4.70	5.16
- Diluted	N/A	N/A	N/A	N/A

Notes:

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements of Sasbadi Holdings Berhad ("the Company") for the financial year ended 31 August 2015 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.

N/A Not applicable



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2016 ⁽¹⁾

	Unaudited As at 31.05.2016 RM'000	Audited As at 31.08.2015 RM'000
ASSETS		
Property, plant and equipment	37,862	30,872
Intangible assets	21,333	22,326
Other investments	354	343
Deferred tax assets	64	64
Total non-current assets	59,613	53,605
Inventories	42,414	37,060
Current tax assets	2,087	1,144
Trade and other receivables	49,241	40,417
Prepayments	607	244
Cash and cash equivalents	29,936	8,338
Total current assets	124,285	87,203
Total assets	183,898	140,808
EQUITY		
Share capital	69,850	63,500
Share premium	38,400	13,461
Reserves	35,200	28,269
Equity attributable to owners of the Company	143,450	105,230
Non-controlling interests	5,594	5,061
Total equity	149,044	110,291
LIABILITIES		
Borrowings	5,913	99
Deferred tax liabilities	5,883	6,092
Total non-current liabilities	11,796	6,191
Borrowings	2,595	9,333
Provisions	1,585	1,199
Dividend payable	2,794	-
Trade and other payables	15,135	13,438
Current tax liabilities	949	356
Total current liabilities	23,058	24,326
Total liabilities	34,854	30,517
Total equity and liabilities	183,898	140,808
Net assets per share attributable to owners of the Company (RM)	0.51 ⁽²⁾	0.41 ⁽³⁾

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 2015 and the accompanying explanatory notes attached to these interim financial statements.
- (2) Based on the issued share capital of 279,400,000 ordinary shares as at 31 May 2016.
- (3) Based on the proforma issued share capital of 254,000,000 ordinary shares as at 31 August 2015 after reflecting the effects of the share split disclosed in Note A6 below.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE (9) MONTHS ENDED 31 MAY 2016 ⁽¹⁾

	Non-distributable				Distributable				
	Share capital RM'000	Share premium RM'000	Merger deficit RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 September 2015	63,500	13,461	(50,500)	-	13,596	65,173	105,230	5,061	110,291
Fair value of available-for-sale financial assets	-	-	-	8	-	-	8	3	11
Total other comprehensive income	-	-	-	8	-	-	8	3	11
Profit for the financial period	-	-	-	-	-	12,511	12,511	530	13,041
Total comprehensive income for the financial period	-	-	-	8	-	12,511	12,519	533	13,052
Contributions by and distributions to owners of the Company									
Issue of ordinary shares	6,350	25,273	-	-	-	-	31,623	-	31,623
Share issuance expenses	-	(334)	-	-	-	-	(334)	-	(334)
Dividends to owners of the Company	-	-	-	-	-	(5,588)	(5,588)	-	(5,588)
Total transactions with owners of the Company	6,350	24,939	-	-	-	(5,588)	25,701	-	25,701
At 31 May 2016	69,850	38,400	(50,500)	8	13,596	72,096	143,450	5,594	149,044
At 1 September 2014	63,500	13,461	(50,500)	-	13,596	53,652	93,709	-	93,709
Profit/Total comprehensive income for the financial period	-	-	-	-	-	13,099	13,099	-	13,099
Dividends to owners of the Company	-	-	-	-	-	(3,810)	(3,810)	-	(3,810)
At 31 May 2015	63,500	13,461	(50,500)	-	13,596	62,941	102,998	-	102,998

Note:

(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 2015 and the accompanying explanatory notes attached to these interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE (9) MONTHS ENDED 31 MAY 2016 ⁽¹⁾

	Current Year-To-Date 31.05.2016 RM'000	Preceding Year-To-Date 31.05.2015 RM'000
Cash flows from operating activities		
Profit before tax	17,977	18,050
Adjustments for:		
Amortisation of intangible assets	993	454
Depreciation of property, plant and equipment	1,824	1,690
Gain on disposal of property, plant and equipment	(207)	(139)
Interest expense	749	296
Interest income	(250)	(340)
Provision for sales returns	386	1,004
Operating profit before changes in working capital	21,472	21,015
Changes in inventories	(5,354)	(11,779)
Changes in trade and other receivables and prepayments	(9,187)	(3,820)
Changes in trade and other payables	1,697	6,018
Cash generated from operations	8,628	11,434
Tax paid	(5,495)	(4,721)
Interest paid	(600)	(288)
Interest received	250	340
Net cash generated from operating activities	2,783	6,765
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	207	139
Acquisition of intangible assets	-	(1,000)
Acquisition of property, plant and equipment	(8,814)	(2,325)
Net cash used in investing activities	(8,607)	(3,186)
Cash flows from financing activities		
Repayment of bankers' acceptance	(941)	-
Drawdown of bankers' acceptance	-	2,172
Repayment of finance lease liabilities	(83)	(74)
Repayment of term loan	(115)	-
Proceeds from term loan	6,300	-
Net proceeds from issuance of shares	31,289	-
Dividends paid	(2,794)	(3,810)
Interest paid	(149)	(8)
Net cash generated from/(used in) financing activities	33,507	(1,720)
Net increase in cash and cash equivalents	27,683	1,859
Cash and cash equivalents at beginning of the financial period	45	20,562
Cash and cash equivalents at end of the financial period	27,728	22,421



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE (9) MONTHS ENDED 31 MAY 2016 ⁽¹⁾ (CONT'D)

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

	Current Year-To-Date 31.05.2016 RM'000	Preceding Year-To-Date 31.05.2015 RM'000
Cash and bank balances	19,897	25,855
Deposit placed with a licensed bank	39	39
Liquid investments	10,000	-
	<hr/> 29,936	<hr/> 25,894
Less: Bank overdraft	(2,208)	(3,473)
	<hr/> 27,728	<hr/> 22,421

Note:

- (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 2015 and the accompanying explanatory notes attached to these interim financial statements.



**A EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS")
134: INTERIM FINANCIAL REPORTING**

A1. Accounting Policies and Basis of Preparation

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

These interim financial statements should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2015 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 2015.

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 2015, 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

- MFRS 14, *Regulatory Deferral Accounts*
- 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*, 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*
- 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 2017

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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*



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MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 6, *Leases*

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

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The 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, Amendments to MFRS 141 and Amendments to MFRS 119 which are not applicable to the Group.
- From the annual period beginning on 1 September 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- 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.
- From the annual period beginning on 1 September 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

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

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 and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

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*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.



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 2015 were not qualified.

A3. Seasonality or Cyclicity 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 the assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size and incidence during the current financial quarter 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 financial quarter and current financial year-to-date.

A6. Debt and Equity Securities

The Company has, on 9 March 2016, completed a share split involving the subdivision of every one (1) existing ordinary shares of RM0.50 each in the Company into two (2) ordinary shares of RM0.25 each in the Company. With the completion of the share split, the Company's issued and paid-up share capital of RM69,350,000 now comprises 279,400,000 ordinary shares of RM0.25 each.

Save as disclosed above, there were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the current quarter and current financial year-to-date.

A7. Dividend Paid

On 18 March 2016, the Company paid a final single tier dividend of two (2) sen per ordinary share of RM0.50 each amounting to RM2.794 million in respect of financial year ended 31 August 2015.



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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 financial quarter ended 31.05.2016

	Sasbadi Holdings Berhad RM'000	Sasbadi Sdn Bhd RM'000	Sasbadi Online Sdn Bhd RM'000	Sasbadi Buku Sdn Bhd RM'000	Orbit Sdn Bhd RM'000	Malaysian Book Promotions Sdn Bhd RM'000	Sasbadi Learning Solutions Sdn Bhd RM'000	Sanjung Unggul Sdn Bhd and its subsidiaries RM'000	Other entities RM'000	Inter-company elimination RM'000	Total RM'000
Revenue	2,880	17,710	604	805	(533)	1,456	907	2,587	-	(4,533)	22,416
Cost of sales	-	(9,794)	(400)	(533)	(533)	(545)	(523)	(848)	-	1,653	(10,990)
Gross profit	2,880	7,916	204	272	272	911	384	1,739	-	(2,880)	11,426
Add/(Less):											
Other operating income											307
Distribution expenses											(2,144)
Administrative expenses											(3,632)
Other operating expenses											(211)
Operating profit											5,746

Current financial year to-date ended 31.05.2016

	Sasbadi Holdings Berhad RM'000	Sasbadi Sdn Bhd RM'000	Sasbadi Online Sdn Bhd RM'000	Sasbadi Buku Sdn Bhd RM'000	Orbit Sdn Bhd RM'000	Malaysian Book Promotions Sdn Bhd RM'000	Sasbadi Learning Solutions Sdn Bhd RM'000	Sanjung Unggul Sdn Bhd and its subsidiaries RM'000	Other entities RM'000	Inter-company elimination RM'000	Total RM'000
Revenue	5,880	60,087	2,298	1,784	(1,084)	3,384	3,412	12,235	-	(11,778)	77,302
Cost of sales	-	(31,841)	(1,660)	(1,084)	(1,084)	(1,520)	(1,771)	(7,270)	-	5,898	(39,248)
Gross profit	5,880	28,246	638	700	700	1,864	1,641	4,965	-	(5,880)	38,054
Add/(Less):											
Other operating income											324
Distribution expenses											(7,147)
Administrative expenses											(11,997)
Other operating expenses											(713)
Operating profit											18,521



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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.

Preceding financial year's corresponding quarter ended 31.05.2015

	Sasbadi Holdings Berhad RM'000	Sasbadi Sdn Bhd RM'000	Sasbadi Online Sdn Bhd RM'000	Orbit Buku Sdn Bhd RM'000	Malaysian Book Promotions Sdn Bhd RM'000	Sasbadi Learning Solutions Sdn Bhd RM'000	Other entities RM'000	Inter-company elimination RM'000	Total RM'000
Revenue	-	15,123	1,230	589	1,711	1,980	-	(1,765)	18,868
Cost of sales	-	(9,662)	(243)	(156)	(832)	(898)	-	1,765	(10,026)
Gross profit	-	5,461	987	433	879	1,082	-	-	8,842
Add/(Less):									
Other operating income									76
Distribution expenses									(1,517)
Administrative expenses									(2,677)
Other operating expenses									(392)
Operating profit									<u>4,332</u>

Preceding financial year's corresponding year-to-date ended 31.05.2015

	Sasbadi Holdings Berhad RM'000	Sasbadi Sdn Bhd RM'000	Sasbadi Online Sdn Bhd RM'000	Orbit Buku Sdn Bhd RM'000	Malaysian Book Promotions Sdn Bhd RM'000	Sasbadi Learning Solutions Sdn Bhd RM'000	Other entities RM'000	Inter-company elimination RM'000	Total RM'000
Revenue	3,840	60,578	1,684	980	4,704	3,145	-	(7,627)	67,304
Cost of sales	-	(33,195)	(607)	(409)	(2,230)	(1,420)	-	3,787	(34,074)
Gross profit	3,840	27,383	1,077	571	2,474	1,725	-	(3,840)	33,230
Add/(Less):									
Other operating income									139
Distribution expenses									(5,662)
Administrative expenses									(8,759)
Other operating expenses									(878)
Operating profit									<u>18,070</u>



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A9. Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment undertaken in the current financial quarter.

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

Save as disclosed in Note B7(i) below, there were no material events subsequent to the end of the current financial quarter up to the date of this report.

A11. Effects of Changes in Composition of the Group

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

A12. Capital Commitments

There were no material capital commitments for the Group for the current financial quarter.

A13. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

	As at 31.05.2016 RM'000	As at 31.08.2015 RM'000
Bank guarantees obtained by the subsidiaries to the Ministry of Education Malaysia	337	488

Contingent Assets

The Group does not have any material contingent assets as at 31 May 2016.



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

B1. Review of Performance

Current Quarter ended 31 May 2016 against Preceding Financial Year's Corresponding Quarter ended 31 May 2015

The Group recorded a revenue of RM22.416 million for the current financial quarter as compared to RM18.868 million for the preceding financial year's corresponding quarter, representing an increase of RM3.548 million (equivalent to a 18.8% increase).

The increase in revenue in the current financial quarter was mainly attributable to the consolidation of the results of Sanjung Unggul Sdn Bhd ("Sanjung Unggul") and its subsidiaries ("Sanjung Unggul Group") post acquisition by the Company of 70% equity interest in Sanjung Unggul in August 2015, coupled with the increase in revenue recorded by Sasbadi Sdn Bhd, the subsidiary involved in academic book publishing. Sasbadi Sdn Bhd's revenue increased by RM2.587 million (equivalent to 17.1%) to RM17.710 million vis-à-vis RM15.123 million in the preceding financial year's corresponding quarter mainly due to the publication and sales of new academic books, which were delayed from the immediate preceding financial quarter. To recap, as disclosed in the Group's second quarter report ended 29 February 2016, Sasbadi Sdn Bhd had recorded lower revenue in the said quarter due to significant resources being channeled towards participation in textbook tenders of the Ministry of Education Malaysia ("MOE"). The Group has, on 28 April 2016 and 18 May 2016, announced the winning of four (4) textbook tenders from the MOE with a total contract value of approximately RM9.348 million. The contracts will start contributing to the earnings of the Group for the financial year ending 31 August 2017 onwards, during the duration of the contracts. Please refer to the said announcements for further details on the contracts.

The Group recorded a profit before tax ("PBT") of RM5.699 million for the current financial quarter, representing an increase of RM1.400 million (equivalent to 32.6%) from RM4.299 million recorded for the preceding financial year's corresponding quarter. The increase was mainly due to higher revenue as explained above, partly offset by increased staff costs resulting from higher headcount.

Current Financial Year-to-Date ended 31 May 2016 against Preceding Financial Year's Corresponding Year-to-Date ended 31 May 2015

The Group recorded an increase in revenue of RM9.998 million (equivalent to 14.9%) from RM67.304 million for the preceding financial year's corresponding year-to-date to RM77.302 million for the current financial year-to-date. However, the Group's PBT declined marginally by 0.4% to RM17.977 million for the current financial year-to-date as compared to RM18.050 million for the preceding financial year's corresponding year-to-date.

The increase in revenue was mainly attributable to the consolidation of the results of the Sanjung Unggul Group, while the marginal decline in PBT was due to the higher overall costs incurred by the Group (arising mainly from increased staff costs, the cost of participating in textbook tenders and higher amount of amortisation of intangible assets, i.e. intellectual properties), offset by the increase in revenue.

B2. Variation of Results for the current financial quarter ended 31 May 2016 against the immediate preceding financial quarter

The Group recorded a revenue of RM22.416 million for the current financial quarter as compared to the immediate preceding financial quarter's revenue of RM33.856 million, a decrease of RM11.440 million (equivalent to 33.8%). Similarly, the Group's PBT for the current financial quarter decreased by RM3.339 million (equivalent to 36.9%) to RM5.699 million as compared to RM9.038 million in the immediate preceding financial quarter.

The better results recorded in the immediate preceding financial quarter was due to the seasonally stronger second financial quarter with higher sales due to the start of the school academic year.



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B3. Group's Prospects for the financial year ending ("FYE") 31 August 2016

The market outlook remains challenging. Nevertheless, our economy is expected to remain on a sustained growth path of 4 - 4.5% in 2016, with the private sector being the key driver of growth.

Despite the lower than expected results for the immediate preceding financial quarter, the Group has managed to recover lost ground in the current financial quarter. In this regard, the Group will continue to persevere for the remaining period of FYE 31 August 2016, notwithstanding the challenges ahead.

B4. Variance of Profit Forecast

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

B5. Notes to the Statement of Comprehensive Income

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.05.2016 RM'000	Preceding Year Quarter 31.05.2015 RM'000	Current Year-To-Date 31.05.2016 RM'000	Preceding Year-To-Date 31.05.2015 RM'000
Amortisation of intangible assets	331	162	993	454
Depreciation on property, plant and equipment	607	629	1,824	1,690
Gain on disposal of property, plant and equipment	(202)	(76)	(207)	(139)
Interest expense	200	100	749	296
Interest income	(175)	(118)	(250)	(340)
Inventories write-down	50	735	224	2,227
Realised foreign exchange loss/(gain)	(3)	45	(2)	133
(Reversal of provision for sales returns)/ Provision for sales returns	(881)	(847)	386	1,004

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



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B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.05.2016 RM'000	Preceding Year Quarter 31.05.2015 RM'000	Current Year-To-Date 31.05.2016 RM'000	Preceding Year-To-Date 31.05.2015 RM'000
Current tax expense				
- Current period	1,462	974	5,145	5,195
- Prior period	-	-	-	-
	<u>1,462</u>	<u>974</u>	<u>5,145</u>	<u>5,195</u>
Deferred tax expense				
- Current period	180	211	(209)	(244)
- Prior period	-	-	-	-
	<u>180</u>	<u>211</u>	<u>(209)</u>	<u>(244)</u>
Total income tax expense	<u>1,642</u>	<u>1,185</u>	<u>4,936</u>	<u>4,951</u>

The effective tax rate for the current financial quarter and current 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 as at the date of this report:

(a) The Company has, on 20 May 2016, announced the following proposals:

- (i) Proposed establishment of an employees' share option scheme of up to ten percent (10%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any) for the eligible employees and Executive Directors of the Company and its subsidiaries ("Proposed ESOS"); and
- (ii) Proposed purchase by the Company of up to ten percent (10%) of its issued and paid-up share capital at any point in time ("Proposed Share Buy-Back").

The extraordinary general meeting ("EGM") to approve the Proposed ESOS and Proposed Share Buy-Back was held on 19 July 2016 and the resolutions pertaining to the Proposed ESOS and Proposed Share Buy-Back were duly passed by the shareholders of the Company at the EGM.

- (b) The Company has, on 15 July 2016, entered into a share acquisition agreement ("SAA") with Wong Chee Kheong and Lim Biou Chong to acquire 100% of the issued and paid-up share capital of United Publishing House (M) Sdn Bhd ("United Publishing"), comprising 200,000 ordinary shares of RM1.00 each for a purchase price of RM4,350,000.00 ("Purchase Price") to be settled via cash ("Proposed Acquisition").

United Publishing has, on 15 July 2016, entered into various share transfer agreements with Wong Chee Kheong and a few other shareholders of UPH Distributor Sdn Bhd, Penerbitan Minda Sdn Bhd, Penerbitan Daya Sdn Bhd and G-Apple Studio Sdn Bhd (collectively, "Future Subsidiaries") for the acquisition by United Publishing of 100% equity interests in each of the Future Subsidiaries for a total purchase consideration of RM800,000.00 to be settled via cash ("STA Consideration"). Apart for settling the Purchase Price, the Company will also settle the STA Consideration on behalf of United Publishing on the completion date.

The Proposed Acquisition is pending fulfilment of the conditions precedent as set out in the SAA.



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(ii) **Utilisation of proceeds**

- (a) 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 May 2016 is as follows:

	Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for utilisation (from listing date)
(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, 7 August 2015 and 19 July 2016.

[^] Revised for working capital use as per the Company's announcement dated 19 July 2016.

^{^^} 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.



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- (b) The Company has completed the Private Placement on 20 January 2016. The status of the utilisation of the gross proceeds of RM31.623 million raised from the Private Placement as at 31 May 2016 is as follows:

Purpose		Proposed utilisation	Actual utilisation	Deviation	Balance	Estimated timeframe for utilisation (from receipt of proceeds)
		RM'000	RM'000	RM'000	RM'000	
(i)	Part financing of future acquisition(s) of publishing/ education/ education-related business(es), or intellectual property rights.	20,000	-	-	20,000	Within eighteen (18) months
(ii)	Part repayment of bank borrowings	6,000	(6,000)	-	-	Within three (3) months
(iii)	Working capital	5,103	(5,236)	133 *	-	Within six (6) months
(iv)	Estimated expenses in relation to the Proposals	520	(387)	(133) *	-	Within three (3) months [^]
Total gross proceeds		31,623	(11,623)	-	20,000	

Note:

* The variation in the actual amount of the expenses was re-allocated for working capital purposes as per the Company's announcement dated 21 December 2015.

[^] Revised from one (1) month to three (3) months as per the Company's announcement dated 18 February 2016.

B8. Group Borrowings

The Group borrowings as at 31 May 2016 were as follows:

	As at 31.05.2016 RM'000	As at 31.08.2015 RM'000
Non-current		
Finance lease liabilities	16	99
Term loan - secured	5,897	-
	<u>5,913</u>	<u>99</u>
Current		
Finance lease liabilities	99	99
Term loan - secured	288	-
Bank overdraft - secured	2,208	8,293
Bankers' acceptances - secured	-	941
	<u>2,595</u>	<u>9,333</u>
	<u>8,508</u>	<u>9,432</u>

The above borrowings are denominated in Ringgit Malaysia.



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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

On 26 April 2016, the Board of Directors of the Company has declared and approved the payment of an interim single tier dividend of one (1) sen per ordinary share of RM0.25 each in respect of the financial year ending 31 August 2016. The interim dividend amounting to RM2.794 million was paid on 9 June 2016 to shareholders registered in the Record of Depositors as at 19 May 2016.

B11. Earnings Per Share

(a) Basic Earnings Per Share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.05.2016 RM'000	Preceding Year Quarter 31.05.2015 RM'000	Current Year-To-Date 31.05.2016 RM'000	Preceding Year-To-Date 31.05.2015 RM'000
Profit attributable to owners of the Company	3,844	3,114	12,511	13,099
Weighted average number of ordinary shares in issue ('000)	279,400	254,000 [^]	266,329	254,000 [^]
Basic earnings per ordinary share (sen)	1.38	1.23	4.70	5.16

Note:

[^] The comparative figures have been restated to reflect the effects of the share split disclosed in Note A6 above.

(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 financial quarter.



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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 financial quarter into realised and unrealised profits/(losses) # is as follows:

	As at 31.05.2016 RM'000	As at 31.08.2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	77,761	70,661
- Unrealised	(5,665)	(5,488)
Total retained earnings	<u>72,096</u>	<u>65,173</u>

Note:

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
 26 July 2016