



# SASBADI HOLDINGS BERHAD (1022660-T)

Incorporated in Malaysia under the Companies Act, 1965  
FOURTH QUARTER REPORT ENDED 31 AUGUST 2016

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND TWELVE (12) MONTHS ENDED 31 AUGUST 2016 <sup>(1)</sup>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.08.2016 RM'000	Preceding Year Quarter 31.08.2015 RM'000	Current Year-To-Date 31.08.2016 RM'000	Preceding Year-To-Date 31.08.2015 RM'000
<b>Revenue</b>	15,899	20,650	93,201	87,954
Cost of sales	(9,636)	(12,385)	(48,884)	(46,459)
<b>Gross profit</b>	6,263	8,265	44,317	41,495
Other operating income	4,538	259	4,862	398
Distribution expenses	(2,169)	(1,664)	(9,316)	(7,326)
Administrative expenses	(3,797)	(3,251)	(15,794)	(12,010)
Other operating expenses	(472)	(244)	(1,185)	(1,122)
<b>Operating profit</b>	4,363	3,365	22,884	21,435
Interest income	107	107	357	447
Finance costs	(253)	(112)	(1,047)	(472)
<b>Profit before tax</b>	4,217	3,360	22,194	21,410
Tax expense	19	(673)	(4,917)	(5,624)
<b>Profit for the financial period/year</b>	4,236	2,687	17,277	15,786
<b>Other comprehensive income, net of tax</b>				
Fair value of available-for-sale financial assets	13	-	24	-
<b>Total comprehensive income for the financial period/year</b>	4,249	2,687	17,301	15,786
<b>Profit attributable to:</b>				
- Owners of the Company	4,338	2,232	16,849	15,331
- Non-controlling interests	(102)	455	428	455
	4,236	2,687	17,277	15,786
<b>Total comprehensive income attributable to :</b>				
- Owners of the Company	4,347	2,232	16,866	15,331
- Non-controlling interests	(98)	455	435	455
	4,249	2,687	17,301	15,786
<b>Earnings per share (sen) attributable to owners of the Company:</b>				
- Basic <sup>(2)</sup>	1.55	0.88	6.25	6.04
- 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 AUGUST 2016 (1)**

	Unaudited As at 31.08.2016 RM'000	Audited As at 31.08.2015 RM'000
<b>ASSETS</b>		
Property, plant and equipment	42,690	30,872
Investment properties	2,637	-
Intangible assets	26,285	22,326
Other investments	367	343
Deferred tax assets	339	64
<b>Total non-current assets</b>	<b>72,318</b>	<b>53,605</b>
Inventories	49,001	37,060
Current tax assets	2,594	1,144
Trade and other receivables	49,228	40,417
Prepayments	1,705	244
Cash and cash equivalents	25,830	8,338
<b>Total current assets</b>	<b>128,358</b>	<b>87,203</b>
<b>Total assets</b>	<b>200,676</b>	<b>140,808</b>
<b>EQUITY</b>		
Share capital	69,850	63,500
Share premium	38,400	13,461
Reserves	39,547	28,269
<b>Equity attributable to owners of the Company</b>	<b>147,797</b>	<b>105,230</b>
Non-controlling interests	5,496	5,061
<b>Total equity</b>	<b>153,293</b>	<b>110,291</b>
<b>LIABILITIES</b>		
Borrowings	9,517	99
Deferred tax liabilities	7,395	6,092
<b>Total non-current liabilities</b>	<b>16,912</b>	<b>6,191</b>
Borrowings	10,519	9,333
Provisions	1,062	1,199
Trade and other payables	18,883	13,438
Current tax liabilities	7	356
<b>Total current liabilities</b>	<b>30,471</b>	<b>24,326</b>
<b>Total liabilities</b>	<b>47,383</b>	<b>30,517</b>
<b>Total equity and liabilities</b>	<b>200,676</b>	<b>140,808</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>0.53 (2)</b>	<b>0.41 (3)</b>

**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 August 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(ii) below.



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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2016 <sup>(1)</sup>

	Non-distributable				Distributable			Non-controlling interests	Total equity
	Share capital	Share premium	Merger deficit	Fair value reserve	Revaluation reserve	Retained earnings	Total	RM'000	RM'000
<b>At 1 September 2015</b>	63,500	13,461	(50,500)	-	13,596	65,173	105,230	5,061	110,291
Fair value of available-for-sale financial assets	-	-	-	17	-	-	17	7	24
Total other comprehensive income	-	-	-	17	-	-	17	7	24
Profit for the financial year	-	-	-	-	-	16,849	16,849	428	17,277
<b>Total comprehensive income for the financial year</b>	-	-	-	17	-	16,849	16,866	435	17,301
<i>Contributions by and distributions to owners of the Company</i>									
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)
<b>Total transactions with owners of the Company</b>	6,350	24,939	-	-	-	(5,588)	25,701	-	25,701
<b>At 31 August 2016</b>	69,850	38,400	(50,500)	17	13,596	76,434	147,797	5,496	153,293
<b>At 1 September 2014</b>	63,500	13,461	(50,500)	-	13,596	53,652	93,709	-	93,709
Profit/Total comprehensive income for the financial year	-	-	-	-	-	15,331	15,331	455	15,786
Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	4,606	4,606
Dividends to owners of the Company	-	-	-	-	-	(3,810)	(3,810)	-	(3,810)
<b>At 31 August 2015</b>	63,500	13,461	(50,500)	-	13,596	65,173	105,230	5,061	110,291

Note:

<sup>(1)</sup> 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 TWELVE (12) MONTHS ENDED 31 AUGUST 2016 <sup>(1)</sup>**

	<b>Current Year-To-Date 31.08.2016 RM'000</b>	<b>Preceding Year-To-Date 31.08.2015 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	22,194	21,410
Adjustments for:		
Amortisation of intangible assets	1,346	617
Depreciation on property, plant and equipment	2,513	2,306
Depreciation on investment properties	3	-
(Reversal of provision)/Provision for inventories write-down	(1,388)	2,043
Impairment loss on available for sale financial assets	-	2
Gain on bargain purchase of subsidiaries	(4,315)	-
Gain on disposal of property, plant and equipment	(294)	(132)
Interest expense	996	434
Interest income	(357)	(447)
Reversal of provision for sales returns	(137)	(484)
Operating profit before changes in working capital	20,561	25,749
Changes in inventories	(5,800)	(13,056)
Changes in trade and other receivables and prepayments	(2,635)	(3,767)
Changes in trade and other payables	(3,392)	1,401
Cash generated from operations	8,734	10,327
Tax paid	(6,722)	(5,892)
Interest paid	(749)	(422)
Interest received	357	447
Net cash generated from operating activities	1,620	4,460
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	310	145
Acquisition of subsidiaries, net of cash and cash equivalents	(6,146)	(18,633)
Acquisition of intangible assets	-	(1,000)
Acquisition of property, plant and equipment	(9,075)	(2,509)
Net cash used in investing activities	(14,911)	(21,997)
<b>Cash flows from financing activities</b>		
Repayment of bankers' acceptance	(941)	-
Drawdown of bankers' acceptance	-	941
Repayment of finance lease liabilities	(102)	(99)
Repayment of term loan	(227)	-
Proceeds from term loan	6,300	-
Net proceeds from issuance of shares	31,289	-
Dividends paid	(5,588)	(3,810)
Interest paid	(247)	(12)
Net cash generated from/(used in) financing activities	30,484	(2,980)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17,193</b>	<b>(20,517)</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>45</b>	<b>20,562</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>17,238</b>	<b>45</b>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2016 (1) (CONT'D)**

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

	<b>Current Year-To-Date 31.08.2016 RM'000</b>	<b>Preceding Year-To-Date 31.08.2015 RM'000</b>
Cash and bank balances	15,343	8,299
Deposit placed with a licensed bank	487	39
Liquid investments	10,000	-
	<hr/> 25,830	<hr/> 8,338
Less: Bank overdraft	<hr/> (8,592)	<hr/> (8,293)
	<hr/> <b>17,238</b>	<hr/> <b>45</b>

**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.*



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**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*

Where applicable, 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.
- From the annual period beginning on 1 September 2017 for those amendments 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 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.



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**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**

**(i) Private Placement**

On 20 January 2016, the Company completed the placement of 12,700,000 new ordinary shares of RM0.50 each in the Company at RM2.49 per share to third party investors. The Company's issued and paid up share capital increased to RM69,850,000 comprising 139,700,000 ordinary share of RM0.50 each as a result of the placement exercise.

**(ii) Share Split**

On 9 March 2016, the Company completed a share split involving the subdivision of every one (1) existing ordinary share 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 RM69,850,000 now comprises 279,400,000 ordinary shares of RM0.25 each.

**(iii) Employees' Share Option Scheme ("ESOS")**

On 19 July 2016, the shareholders of the Company approved the implementation of the ESOS of up to ten percent (10%) of the Company's issued and paid-up share capital (excluding treasury shares, if any) for the eligible employees and executive directors of the Company. The Company has received all the relevant approvals, complied with the requirements pertaining to the ESOS, and submitted the final copy of the By-Laws of the ESOS to Bursa Securities pursuant to paragraph 6.42 of the Listing Requirements of Bursa Securities, on 1 September 2016. The implementation of ESOS is thus effective from 1 September 2016. As at the date of this report, no shares have been issued pursuant to the ESOS.

**(iv) Repurchase of Shares**

On 19 July 2016, the shareholders of the Company has given the approval for the Company to purchase up to ten percent (10%) of its issued and paid up share capital at any point in time. On 6 September 2016, the Company purchased 1,000 of its own shares from the open market at a price of RM1.11 per share, which was financed by internally generated funds. The purchased shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.





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**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 the financial year ended 31 August 2015.

On 9 June 2016, the Company paid an interim single tier dividend of one (1) sen per ordinary share of RM0.25 each amounting to RM2.794 million in respect of the current financial year ended 31 August 2016.



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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 31.08.2016**

	Sasbadi Online Sdn Bhd &			Malaysian Book Promotions Sdn Bhd			Sasbadi Learning Solutions Sdn Bhd			Sanjung Unggul Sdn Bhd and its subsidiaries			United Publishing House (M) Sdn Bhd and its subsidiaries			Inter-company elimination			Total
	Sasbadi Holdings Berhad	Sasbadi Sdn Bhd	Mindtech Education Sdn Bhd	Orbit Bukit Sdn Bhd	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	4,800	12,526	1,346	283	1,097	1,524	2,940	1,376	-	(9,993)	15,899								
Cost of sales	-	(8,424)	(1,737)	(448)	(802)	(923)	(2,126)	(369)	-	5,193	(9,636)								
Gross profit	4,800	4,102	(391)	(165)	295	601	814	1,007	-	(4,800)	6,263								
<b>Add/(Less):</b>																			
Other operating income											4,538								
Distribution expenses											(2,169)								
Administrative expenses											(3,797)								
Other operating expenses											(472)								
<b>Operating profit</b>											<b>4,363</b>								

**Current financial year to-date ended 31.08.2016**

	Sasbadi Online Sdn Bhd &			Malaysian Book Promotions Sdn Bhd			Sasbadi Learning Solutions Sdn Bhd			Sanjung Unggul Sdn Bhd and its subsidiaries			United Publishing House (M) Sdn Bhd and its subsidiaries			Inter-company elimination			Total
	Sasbadi Holdings Berhad	Sasbadi Sdn Bhd	Mindtech Education Sdn Bhd	Orbit Bukit Sdn Bhd	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	10,680	72,613	3,644	2,067	4,481	4,936	15,175	1,376	-	(21,771)	93,201								
Cost of sales	-	(40,265)	(3,397)	(1,532)	(2,322)	(2,694)	(9,396)	(369)	-	11,091	(48,884)								
Gross profit	10,680	32,348	247	535	2,159	2,242	5,779	1,007	-	(10,680)	44,317								
<b>Add/(Less):</b>																			
Other operating income											4,862								
Distribution expenses											(9,316)								
Administrative expenses											(15,794)								
Other operating expenses											(1,185)								
<b>Operating profit</b>											<b>22,884</b>								



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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 31.08.2015

	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	Sanjung Unggul Sdn Bhd and its subsidiaries RM'000	Other entities RM'000	Inter-company elimination RM'000	Total RM'000
Revenue	-	12,327	311	1,013	2,340	1,746	4,827	-	(1,914)	20,650
Cost of sales	-	(9,934)	(544)	(545)	(733)	(852)	(2,391)	-	2,614	(12,385)
Gross profit	-	2,393	(233)	468	1,607	894	2,436	-	700	8,265
<b>Add/(Less):</b>										
Other operating income										259
Distribution expenses										(1,664)
Administrative expenses										(3,251)
Other operating expenses										(244)
<b>Operating profit</b>										<u>3,365</u>

### Preceding financial year's corresponding year-to-date ended 31.08.2015

	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	Sanjung Unggul Sdn Bhd and its subsidiaries RM'000	Other entities RM'000	Inter-company elimination RM'000	Total RM'000
Revenue	3,840	72,905	1,995	1,993	7,044	4,891	4,827	-	(9,541)	87,954
Cost of sales	-	(43,129)	(1,151)	(954)	(2,963)	(2,272)	(2,391)	-	6,401	(46,459)
Gross profit	3,840	29,776	844	1,039	4,081	2,619	2,436	-	(3,140)	41,495
<b>Add/(Less):</b>										
Other operating income										398
Distribution expenses										(7,326)
Administrative expenses										(12,010)
Other operating expenses										(1,122)
<b>Operating profit</b>										<u>21,435</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 Notes A11(ii) and 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**

- (i) On 12 August 2016, the Company completed the acquisition of 100% equity interest in United Publishing House (M) Sdn Bhd ("United Publishing") for a cash consideration of RM4,350,000. United Publishing has four (4) wholly-owned subsidiaries, i.e. Penerbitan Daya Sdn Bhd, UPH Distributor Sdn Bhd, G-Apple Studio Sdn Bhd and Penerbitan Minda Sdn Bhd (*Note : United Publishing and its subsidiaries are herein collectively known as "United Publishing Group"*).

The effect of the acquisition of 100% equity interest in United Publishing on the Group is as follows:

	RM'000
Purchase consideration	4,350
Provisional fair value of identifiable net assets (including intellectual properties) of United Publishing Group	(8,665)
Gain on bargain purchase	<u>(4,315)</u>

- (ii) On 15 September 2016, the Company's wholly owned subsidiary, Sasbadi Learning Solutions Sdn Bhd entered into a share acquisition agreement with Lok Kah Fai and Ainaa Atikah Binti Rosli to acquire 100% equity interest in Distinct Motion Sdn Bhd ("Distinct Motion") comprising 740,000 ordinary shares of RM1.00 each, for a purchase price of RM850,000. Distinct Motion has a wholly owned subsidiary, Distinct Element Sdn Bhd.

The acquisition was completed on 21 October 2016.

**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 31.08.2016 RM'000	As at 31.08.2015 RM'000
Bank guarantees obtained by the subsidiaries to the Ministry of Education Malaysia	<u>337</u>	<u>488</u>

Contingent Assets

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



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

#### **B1. Review of Performance**

##### **Current Quarter ended 31 August 2016 against Preceding Financial Year's Corresponding Quarter ended 31 August 2015**

The Group recorded a revenue of RM15.899 million for the current financial quarter as compared to RM20.650 million for the preceding financial year's corresponding quarter, representing a decrease of RM4.751 million (equivalent to a 23.0% increase).

The decrease in revenue in the current financial quarter was mainly attributable to lower revenue recorded by the Sanjung Unggul Group (i.e. Sanjung Unggul Sdn Bhd and its subsidiaries) as a result of the delay in the orders for reprint of textbooks ("Buku Cetakan Semula"), which only came in during the first quarter of the financial year ending 31 August 2017. In the past, the Group would receive the orders from the Ministry of Education Malaysia in the fourth financial quarter (i.e. the current financial quarter). The decrease in revenue was also due to the weaker sales recorded by the subsidiary, Malaysian Book Promotions Sdn Bhd, which is involved in academic book publishing, as a result of the slower retail market. On the other hand, the subsidiaries, i.e. Sasbadi Online Sdn Bhd and Mindtech Education Sdn Bhd ("Mindtech Education"), showed an increase in revenue during the current financial quarter with the commencement of the operations of Mindtech Education in the direct sales/network marketing of the Group's online/digital products in June 2016.

The Group recorded a profit before tax ("PBT") of RM4.217 million for the current financial quarter, representing an increase of RM0.857 million (equivalent to 25.5%) compared to RM3.360 million recorded for the preceding financial year's corresponding quarter. The increase was due to the gain from the acquisition of the United Publishing Group as disclosed in Note A11(i) above, offset by the lower profits recorded as a result of lower revenue as mentioned above and higher costs (e.g. increased staff costs owing to expansion and capacity building, higher amount of amortisation of intellectual properties, etc.) incurred by the Group.

##### **Current Financial Year-to-Date ended 31 August 2016 against Preceding Financial Year's Corresponding Year-to-Date ended 31 August 2015**

The Group recorded an increase in revenue of RM5.247 million (equivalent to 6.0%) from RM87.954 million for the preceding financial year to RM93.201 million for the current financial year. The Group also recorded an increase in PBT from RM21.410 million for the preceding financial year to RM22.194 million for the current financial year, representing an increase of RM0.784 million (equivalent to 3.7%).

The increase in revenue was mainly attributable to the consolidation of the full year's results of the Sanjung Unggul Group, while the increase in PBT was due to the gain from the acquisition of the United Publishing Group as disclosed in Note A11(i) above, offset by the lower profits recorded by the existing subsidiaries of the Group as mentioned above.

#### **B2. Variation of Results for the Current Financial Quarter ended 31 August 2016 against the Immediate Preceding Financial Quarter**

The Group recorded a revenue of RM15.899 million for the current financial quarter as compared to the immediate preceding financial quarter's revenue of RM22.416 million, a decrease of RM6.517 million (equivalent to 29.1%). The decrease in revenue was mainly due to the Group enjoying higher sales of new academic books in the immediate preceding financial quarter (i.e. the third financial quarter) which were delayed from the second financial quarter.

The Group's PBT declined by RM1.482 million (equivalent to 26.0%) from RM5.699 million for the immediate preceding financial quarter to RM4.217 million for the current financial quarter mainly due to the lower revenue as mentioned above, partly offset by the gain from the acquisition of the United Publishing Group as disclosed in Note A11(i) above.



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**B3. Group's Prospects for the financial year ending ("FYE") 31 August 2017**

Based on the Economic Report 2016/17, the Malaysia economy is expected to expand between 4% and 5% in 2017. On the demand side, growth will emanate from domestic demand, particularly private consumption and private investment expenditures which are expected to expand 6.3% and 5.8%, respectively. Inflation will remain manageable, while the economy continues to operate under full employment. All sectors of the economy are expected to contribute to growth, with the services and manufacturing sectors spearheading the expansion.

In the 2017 Budget, the Malaysia government continues to place significant emphasis on the education sector. Among others, the government will (i) continue with the Schooling Assistance Programme of RM100 each to students from families earning below RM3,000 benefitting 3.5 million students (RM350 million); (ii) provide additional assistance for payment of school fees, textbook assistance and per capita grant assistance (RM1.1 billion); (iii) strengthen English Language proficiency programmes (RM90 million); (iv) reconstruct 120 destitute schools and upgrade 1,800 science laboratories (RM570 million); (v) enhance technical and vocational education and training ("TVET") programmes which includes upgrading teaching equipment in TVET institutions (RM270 million); and (vi) provide student debit cards worth RM250 to purchase books, stationeries, computer devices and internet access benefitting 1.3 million higher education students (RM300 million).

With the Malaysia economy expected to continue to grow in 2017 and the various allocations by the government towards the education sector in the 2017 Budget, the Group will continue to pursue organic growth in FYE 31 August 2017. The Group will continue to develop and introduce new print and online/digital educational products and materials, including print materials that are embedded with the Group's in-house developed technology, to the market. In addition, the Group will grow the direct sales/network marketing channel to promote and sell its online/digital products via Mindtech Education and expects the momentum to pick up in FYE 31 August 2017. The Group will also continue to participate in textbook tenders and explore opportunities for other tenders under the Ministry of Education Malaysia. On the STEM (i.e. Science, Technology, Engineering and Mathematics) education front, the Group will continue to pursue growth via Sasbadi Learning Solutions Sdn Bhd and the newly acquired subsidiary, Distinct Motion Sdn Bhd.

The textbook contracts and the contract for the supply of robotics sets obtained by the Group from the Ministry of Education Malaysia in 2016 (please refer to the Company's announcements to Bursa Securities dated 28 April 2016, 18 May 2016 and 27 October 2016) will contribute positively to the Group's earnings in the first quarter of FYE 31 August 2017.

Besides organic growth, the Group will also continue to pursue inorganic growth via acquisitions of businesses within the publishing/education/education-related industries which are synergistic or complementary to the Group's businesses.

Premised on the above and barring any unforeseen circumstances, the Group is positive of our prospects and performance for FYE 31 August 2017.

**B4. Variance of Profit Forecast**

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



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**B5. Notes to the Statement of Comprehensive Income**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.08.2016 RM'000	Preceding Year Quarter 31.08.2015 RM'000	Current Year-To-Date 31.08.2016 RM'000	Preceding Year-To-Date 31.08.2015 RM'000
Amortisation of intangible assets	353	163	1,346	617
Depreciation on property, plant and equipment	689	616	2,513	2,306
Depreciation on investment properties	3	-	3	-
(Gain)/Loss on disposal of property, plant and equipment	(87)	7	(294)	(132)
Gain on bargain purchase of subsidiaries	(4,315)	-	(4,315)	-
Impairment loss on:				
- Trade receivables	22	52	22	52
- Available for sale financial assets	-	2	-	2
Interest expense	247	138	996	434
Interest income	(107)	(107)	(357)	(447)
(Reversal of provision)/Provision for inventories write-down	(1,612)	(184)	(1,388)	2,043
Realised foreign exchange loss	21	31	19	164
Reversal of provision for sales returns	(523)	(1,488)	(137)	(484)

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 31.08.2016 RM'000	Preceding Year Quarter 31.08.2015 RM'000	Current Year-To-Date 31.08.2016 RM'000	Preceding Year-To-Date 31.08.2015 RM'000
<b>Current tax expense</b>				
- Current period/year	(340)	124	4,805	5,319
- Prior period/year	226	348	226	348
	(114)	472	5,031	5,667
<b>Deferred tax expense</b>				
- Current period/year	330	207	121	(37)
- Prior period/year	(235)	(6)	(235)	(6)
	95	201	(114)	(43)
<b>Total income tax expense</b>	(19)	673	4,917	5,624

The effective tax rate for the current financial quarter and current financial year-to-date is lower than the statutory tax rate of 24% mainly due to certain income not subject to income tax.



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**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) On 9 September 2016, the Company's wholly owned subsidiary, Sasbadi Sdn Bhd, entered into two (2) conditional sale and purchase agreements with THHT Resources Sdn Bhd to acquire two (2) units of retail lots distinguished as Parcel Nos. L1.09 and L1.10, each measuring 2,260 square feet, within Storey No. First Floor, Cova Square, held on all that leasehold land held under Master Title No. PN 80337 Lot 54636, Pekan Baru Sungai Buloh, District of Petaling, State of Selangor, for a total purchase price of RM2,600,000.00 (each unit of the properties for a purchase price of RM1,300,000.00) ("Proposed Acquisition").

The Proposed Acquisition is currently pending fulfilment of conditions precedent.

**(ii) Utilisation of proceeds**

- (a) The Company was listed on the Main Market of Bursa Securities on 23 July 2014, raising a gross proceeds of RM25.228 million from the Public Issue. The Public Issue proceeds have been fully utilised as proposed during the current financial quarter.
- (b) The Company has completed the private placement as disclosed in Note A6(i) above on 20 January 2016. The status of the utilisation of the gross proceeds of RM31.623 million raised from the private placement as at the date of this report is as follows:





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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	11,000 ^^	(6,000)	-	5,000	By 19 July 2017 (i.e. within eighteen (18) months from receipt of proceeds)
(ii)	Part repayment of bank borrowings	12,400 ^^	(12,400)	-	-	By 31 October 2016^^
(iii)	Working capital	5,103	(5,236) *	133 *	-	By 19 July 2016 (ie. within six (6) months from receipt of proceeds)
(iv)	Estimated expenses in relation to the Proposals	520	(387) *	(133) *	-	Within three (3) months^
(v)	Financing the proposed acquisition of properties as disclosed in Note B7(1)(a) above	2,600 ^^	(260)	-	2,340	By 28 February 2017^^
<b>Total gross proceeds</b>		<b>31,623</b>	<b>(24,283)</b>	<b>-</b>	<b>7,340</b>	

**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.

^^ Revised as per the Company's announcement dated 9 September 2016.



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**B8. Group Borrowings**

The Group's borrowings as at 31 August 2016 were as follows:

	As at 31.08.2016 RM'000	As at 31.08.2015 RM'000
<b>Non-current</b>		
Finance lease liabilities	123	99
Term loan - secured	9,394	-
	<u>9,517</u>	<u>99</u>
<b>Current</b>		
Finance lease liabilities	125	99
Term loan - secured	995	-
Bank overdraft - secured	8,592	8,293
Bankers' acceptances - secured	807	941
	<u>10,519</u>	<u>9,333</u>
	<u>20,036</u>	<u>9,432</u>

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 1.25 sen per ordinary share of RM0.25 each in respect of the financial year ended 31 August 2016. The final dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.



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**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 31.08.2016 RM'000	Preceding Year Quarter 31.08.2015 RM'000	Current Year-To-Date 31.08.2016 RM'000	Preceding Year-To-Date 31.08.2015 RM'000
Profit attributable to owners of the Company	4,338	2,232	16,849	15,331
Weighted average number of ordinary shares in issue ('000)	279,400	254,000 <sup>^</sup>	269,615	254,000 <sup>^</sup>
Basic earnings per ordinary share (sen)	1.55	0.88	6.25	6.04

**Note:**

<sup>^</sup> The comparative figures have been restated to reflect the effects of the share split disclosed in Note A6(ii) 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.

**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 31.08.2016 RM'000	As at 31.08.2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	82,944	70,661
- Unrealised	(6,510)	(5,488)
Total retained earnings	76,434	65,173

**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  
31 October 2016