



SASBADI HOLDINGS BERHAD
201201038178 (1022660-T)
Incorporated in Malaysia
THIRD QUARTER REPORT ENDED 31 MAY 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MAY 2020 ⁽¹⁾**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.05.2020 RM'000	Preceding Year Quarter 31.05.2019 RM'000	Current Year-To-Date 31.05.2020 RM'000	Preceding Year-To-Date 31.05.2019 RM'000
Revenue	4,946	17,795	55,652	72,630
Cost of sales	(8,924)	(10,013)	(35,826)	(37,261)
Gross profit	(3,978)	7,782	19,826	35,369
Other operating income	313	149	538	321
Distribution expenses	(1,518)	(2,145)	(5,954)	(6,811)
Administrative expenses	(2,620)	(3,061)	(10,245)	(11,240)
Other operating expenses	(2,297)	(871)	(4,045)	(2,651)
Results from operating activities	(10,100)	1,854	120	14,988
Finance income	41	3	47	9
Finance costs	(500)	(645)	(1,804)	(2,233)
Profit/(Loss) before tax	(10,559)	1,212	(1,637)	12,764
Taxation	1,788	(577)	(1,111)	(4,118)
Net profit/(loss) for the financial period	(8,771)	635	(2,748)	8,646
Other comprehensive income/(loss) for the financial period, net of tax :				
Item that is or may be reclassified subsequently to profit or loss				
Fair value of equity investments through other comprehensive income	(30)	8	(33)	31
Other comprehensive income/(loss) for the financial period, net of tax	(30)	8	(33)	31
Total comprehensive income/(loss) for the financial period	(8,801)	643	(2,781)	8,677
Net profit/(loss) for the financial period attributable to:				
- Owners of the Company	(8,771)	635	(2,748)	8,646
- Non-controlling interests	-	-	-	-
	(8,771)	635	(2,748)	8,646
Total comprehensive income/(loss) attributable to :				
- Owners of the Company	(8,801)	643	(2,781)	8,677
- Non-controlling interests	-	-	-	-
	(8,801)	643	(2,781)	8,677
Earnings/(Loss) per share (sen) attributable to owners of the Company:				
- Basic	(2.09)	0.15	(0.66)	2.06
- Diluted	(2.09)	N/A	(0.66)	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 2019 and the accompanying explanatory notes attached to these interim financial statements.

N/A Not applicable



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2020 ⁽¹⁾

	Unaudited As at 31.05.2020 RM'000	Audited As at 31.08.2019 RM'000
ASSETS		
Property, plant and equipment	52,785	52,238
Rights-of-use assets	1,696	-
Investment properties	2,439	2,480
Intangible assets	24,006	25,056
Other investments	232	265
Deferred tax assets	1,395	1,426
Total non-current assets	82,553	81,465
Inventories	73,325	73,446
Rights to recover returned goods	1,516	2,035
Contract costs	622	381
Trade and other receivables	43,427	49,482
Current tax assets	5,647	2,945
Prepayments	4,469	4,271
Cash and cash equivalents	6,205	7,443
Total current assets	135,211	140,003
Total assets	217,764	221,468
EQUITY		
Share capital	108,210	108,210
Treasury shares	(1)	(1)
Reserves	44,352	46,733
Total equity	152,561	154,942
LIABILITIES		
Loans and borrowings	11,337	13,033
Lease liabilities	800	-
Deferred tax liabilities	8,227	8,275
Total non-current liabilities	20,364	21,308
Loans and borrowings	27,158	22,327
Lease liabilities	929	-
Refund liabilities	2,991	3,851
Trade and other payables	11,568	17,484
Contract liabilities	2,193	1,239
Current tax liabilities	-	317
Total current liabilities	44,839	45,218
Total liabilities	65,203	66,526
Total equity and liabilities	217,764	221,468
Net assets per share attributable to owners of the Company (RM)	0.36	0.37

Note:

(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 2019 and the accompanying explanatory notes attached to these interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE (9) MONTHS ENDED 31 MAY 2020 ⁽¹⁾

	<----- Non-distributable ----->						Distributable	
	Share capital	Treasury shares	Share Options reserve	Merger deficit	Fair value reserve	Revaluation reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 September 2019	108,210	(1)	-	(50,500)	(6)	22,484	74,755	154,942
Total comprehensive income for the financial period	-	-	-	-	(33)	-	(2,748)	(2,781)
Transaction with owners of the Company								
Share options vested under ESOS	-	-	400	-	-	-	-	400
At 31 May 2020	108,210	(1)	400	(50,500)	(39)	22,484	72,007	152,561
At 31 August 2018, as previously reported	108,210	(1)	-	(50,500)	(25)	22,484	76,099	156,267
- Effects of adopting MFRS 9 and MFRS 15	-	-	-	-	-	-	(5,066)	(5,066)
Balance as at 1 September 2018, restated	108,210	(1)	-	(50,500)	(25)	22,484	71,033	151,201
Total comprehensive income for the financial period	-	-	-	-	31	-	8,646	8,677
Transaction with owners of the Company	-	-	-	-	-	-	-	-
At 31 May 2019	108,210	(1)	-	(50,500)	6	22,484	79,679	159,878

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 2019 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 2020 ⁽¹⁾

	Current Year-To-Date 31.05.2020 RM'000	Preceding Year-To-Date 31.05.2019 RM'000
Cash flows from operating activities		
Profit before tax	(1,637)	12,764
Adjustments for:		
Amortisation of intangible assets	1,065	1,052
Depreciation of property, plant and equipment	1,588	1,763
Depreciation of investment properties	41	40
Depreciation of rights-of-use assets	719	-
Dividend income	(5)	(5)
Provision of inventories write-down	3,772	-
Write-off of property, plant and equipment	-	3
Impairment loss on property, plant and equipment	355	-
Impairment loss on trade receivables	1,628	691
Gain on disposal of property, plant and equipment	(83)	(105)
Unrealised foreign exchange loss	1	-
Share options vested under ESOS	400	-
Finance costs	1,804	2,233
Finance income	(47)	(9)
Operating profit before changes in working capital	9,601	18,427
Changes in inventories	(3,651)	(384)
Changes in rights to recover returned goods	519	(1,087)
Changes in contract costs	(241)	-
Changes in trade and other receivables and prepayments	2,728	613
Changes in refund liabilities	(860)	2,174
Changes in trade and other payables	(5,916)	(7,750)
Changes in contract liabilities	954	-
Cash generated from operations	3,134	11,993
Tax paid	(4,195)	(4,661)
Tax refunded	48	2,309
Interest paid	(858)	(1,282)
Interest received	47	9
Net cash (used in)/generated from operating activities	(1,824)	8,368
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	113	107
Dividend received from other investments	5	5
Acquisition of intangible assets	(15)	(388)
Acquisition of property, plant and equipment	(1,020)	(384)
Net cash used in investing activities	(917)	(660)
Cash flows from financing activities		
Net drawdown of bankers' acceptances	3,672	813
Net drawdown/(repayment) of finance lease liabilities	69	(22)
Repayment of term loans	(2,366)	(4,175)
Proceeds from term loan	-	1,346
Payment of lease liabilities	(768)	-
Interest paid	(864)	(951)
Net cash used in financing activities	(257)	(2,989)
Net (decrease)/increase in cash and cash equivalents	(2,998)	4,719
Cash and cash equivalents at beginning of the financial period	(9,626)	(14,012)
Cash and cash equivalents at end of the financial period	(12,624)	(9,293)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE (9) MONTHS ENDED 31 MAY 2020 (1)

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

	Current Year-To-Date 31.05.2020 RM'000	Preceding Year-To-Date 31.05.2019 RM'000
Cash and bank balances	5,472	8,137
Deposit placed with a licensed bank	733	719
	<u>6,205</u>	<u>8,856</u>
Less : Deposits pledged	(621)	(606)
Bank overdrafts	<u>(18,208)</u>	<u>(17,543)</u>
	<u>(12,624)</u>	<u>(9,293)</u>

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 2019 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 2019 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 2019.

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 2019, 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 2020

- . Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- . Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- . Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures - Interest Rate Benchmark Reform*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- . Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- . MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- . Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*, MFRS 9 *Financial Instruments*
- . Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- . Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- . Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*
- . Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- . Amendments to MFRS 141, *Agriculture*



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MFRSs, Interpretations and amendments effective for annual periods beginning on or after 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 initial application of the accounting standards, amendments or interpretations is not expected to have any material financial impact to the financial statements of the Group except for MFRS 16.

MFRS 16, Leases

The Group has adopted from 1 September 2019, MFRS 16, which 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*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has applied the modified retrospective method permitted under MFRS 16. Accordingly, the comparative information for 2019 has not been restated, i.e. it is presented, as previously reported, under MFRS 117 and related interpretations.

As a lessee, the Group leases various assets, including properties, printing and photocopy machines. These had been previously classified as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under MFRS 16, the Group recognises separately the rights-of-use assets in 'Non-Current Assets' and lease liabilities for most leases in 'Liabilities: Non-Current and Current' in the Statement of Financial Position.

Under the practical expedients of applying MFRS 16, the Group has elected not to recognise rights-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and some leases of low-value assets (e.g. printing and photocopy machines). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group has also used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

In summary, the adoption impact to the opening balances are as follows:

Statement of Financial Position

	31.8.19	MFRS 16	1.9.2019
	RM'000	adjustments	RM'000
		RM'000	
Assets			
Rights-of-use assets	-	2,374	2,374
Liabilities			
Liabilities - non-current	-	1,458	1,458
Liabilities - current	-	916	916
Impact to liabilities	-	2,374	2,374

The rights-of-use assets represent the remaining rights to use the underlying asset during the lease term. The rights-of-use assets are recognised at the commencement date and are measured at cost less accumulated depreciation and impairment losses if any, and adjusted for any re-measurement of the lease liability.

The lease liabilities are measured at present value of the lease payments that are not paid at 1 September 2019 using its incremental borrowing rate. Subsequently, the lease liabilities are adjusted for interest and lease payments, as well as the impact of lease modifications if any.



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As a result of initially applying MFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised RM1,696,000 of rights-of-use assets and RM1,729,000 of lease liabilities as at 31 May 2020.

Also, in relation to those leases under MFRS 16, the Group has recognised depreciation and finance costs, instead of operating lease expense. During the 9 months ended 31 May 2020, the Group recognised RM719,000 of depreciation charges and RM82,000 of finance costs from these leases.

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 2019 were not qualified.

A3. Seasonality or Cyclicity of Operations

The Group's business operations are exposed to seasonality patterns as the Group generally experiences higher quarterly sales in the second financial quarter (December to February) and lower quarterly sales in the fourth financial quarter (June to August) compared to the other two (2) 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. In addition, the Group has implemented strategies to reduce the seasonality patterns such as expanding our market shares for non-academic segment which is less prone to seasonality, and entering into new market segments.

A4. Unusual Items Affecting the Financial Statements

The World Health Organisation (WHO) declared COVID-19 a global pandemic on 11 March 2020. Following this, the Government of Malaysia had imposed a series of Movement Control Order ("MCO") pursuant to the Prevention and Control of Disease Act 1988 ("PCDA"), which resulted in major disruptions to the Company's business operations all round.

Apart from the above, 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.

A5. Changes in Estimates

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

A6. Debt and Equity Securities

(i) Employees' Share Option Scheme ("ESOS")

The Company has implemented an 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 Group effective from 1 September 2016. On 6 December 2019, the Company offered 10,000,000 options at an exercise price of RM0.17 each to its eligible employees under the ESOS.

(ii) Repurchase of Shares

The Company did not repurchase any of its own shares from the open market during the current financial quarter.

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

A7. Dividend Paid

No dividend was paid by the Company in the current financial quarter.



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A8. Segment Information

Segmental information is presented by the Group in accordance with the Group's operations and products, to provide for better monitoring and management, and clearer performance reporting.

Current financial quarter ended 31 May 2020

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	3,432	1,013	390	111	4,946
Cost of sales	(7,633)	(965)	(195)	(131)	(8,924)
Gross profit/(loss)	(4,201)	48	195	(20)	(3,978)
Add/(Less):					
Other operating income					313
Distribution expenses					(1,518)
Administrative expenses					(2,620)
Other operating expenses					(2,297)
Results from operating activities					(10,100)

Current financial year-to-date ended 31 May 2020

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	51,401	3,167	2,286	(1,202)	55,652
Cost of sales	(32,412)	(3,412)	(984)	982	(35,826)
Gross profit/(loss)	18,989	(245)	1,302	(220)	19,826
Add/(Less):					
Other operating income					538
Distribution expenses					(5,954)
Administrative expenses					(10,245)
Other operating expenses					(4,045)
Results from operating activities					120



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A8. Segment Information (cont'd)

Preceding financial year's corresponding quarter ended 31 May 2019

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	16,115	1,559	1,553	(1,432)	17,795
Cost of sales	(10,034)	(566)	(630)	1,217	(10,013)
Gross profit	6,081	993	923	(215)	7,782
Add/(Less):					
Other operating income					149
Distribution expenses					(2,145)
Administrative expenses					(3,061)
Other operating expenses					(871)
Results from operating activities					1,854

Preceding financial year's corresponding year-to-date ended 31 May 2019

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	67,499	4,025	3,506	(2,400)	72,630
Cost of sales	(35,401)	(2,340)	(1,505)	1,985	(37,261)
Gross profit	32,098	1,685	2,001	(415)	35,369
Add/(Less):					
Other operating income					321
Distribution expenses					(6,811)
Administrative expenses					(11,240)
Other operating expenses					(2,651)
Results from operating activities					14,988

Notes:

* Digital/Online and Technology-enabled Solutions and Network Marketing Business Division

^ Applied Learning Products ("ALP") and Science, Technology, Engineering and Mathematics ("STEM")



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

There is no material event 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 at the end of the current financial quarter.

A13. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

There were no material changes in the Group's contingent liabilities since the last audited statement of financial position as at 31 August 2019.

Contingent Assets

The Group does not have any material contingent assets as at 31 May 2020.



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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 May 2020 against Preceding Financial Year's Corresponding Quarter ended 31 May 2019

The Group recorded a significantly lower revenue of RM4.946 million for the current financial quarter as compared to RM17.795 million for the preceding financial year's corresponding quarter. This represents a decrease of RM12.849 million (equivalent to 72.21%), attributed mainly to our Print Publishing Division, which shown a decrease of RM12.683 million.

The significant drop in revenue was due to the imposition of MCO over an extended period to curb the COVID-19 pandemic resulting in the disruption of business operations all round.

The Group recorded a loss before tax ("LBT") of RM10.204 million for the current financial quarter vis-à-vis a profit before tax ("PBT") of RM1.212 million for the preceding financial year's corresponding quarter due to lower revenue achieved, provision of slow-moving stock of RM3.772 million, higher general provision for impairment loss on trade receivables of RM1.326 million as compared to RM0.250 million in the previous year corresponding quarter (calculated based on MFRS 9). These were partly set-off by the lower expenses incurred during the period as a result of various cost cutting measures implemented.

Current Financial Year-to-Date ended 31 May 2020 against Preceding Financial Year's Corresponding Year-to-Date ended 31 May 2019

The Group recorded a significant lower revenue of RM55.652 million for the current financial year-to-date as compared to RM72.630 million for the preceding financial year-to-date, representing a decrease of RM16.978 million (equivalent to 23.38%), attributed mainly to the Print Publishing Division, which shown a decrease of RM16.098 million.

The Group recorded a loss before tax ("LBT") of RM1.282 million for the current financial year-to-date vis-a vis a profit before tax ("PBT") of RM12.764 million for the preceding financial year-to-date, representing a decrease of RM14.046 million.

The decrease in revenue and PBT were mainly attributed to the reasons mentioned above.

B2. Variation of Results for the Current Financial Quarter ended 31 May 2020 against the Immediate Preceding Financial Quarter

	Current Quarter 31.05.2020 RM'000	Preceding Quarter 28.02.2020 RM'000	Change RM'000
Revenue	4,946	22,961	(18,015)
Profit/(Loss) Before Tax	(10,559)	3,045	(13,604)

The Group recorded a revenue of RM4.946 million for the current financial quarter as compared to RM22.961 million for the immediate preceding financial quarter, representing a decrease of RM18.015 million (equivalent to 78.46%). The decrease was mainly due to the decrease by our Print Publishing Division of RM18.103 million during the current quarter which was partly impacted by the MCO. The better results recorded in the immediate preceding financial quarter was related to the seasonality patterns where higher sales was recorded due to the start of the school academic year.

The Group recorded a loss before tax ("LBT") of RM10.204 million for the current financial quarter vis-à-vis a profit before tax ("PBT") of RM3.045 million for the immediate preceding financial quarter due to the reasons mentioned in Note B1.



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B3. Group's Prospects for the financial year ending ("FYE") 31 August 2020

The imposition of MCO over an extended period has significantly disrupted the Company's business operations and the entire supply chain. However, as the COVID-19 pandemic enters into the Recovery Movement Control Order ("RMCO") phase, we anticipate several changes to the Group's outlook.

With the reopening of schools, the Group is experiencing a strong rebound arising from the pent-up demand for our print publishing products as students try to catch up with the syllabus, particularly in relation to the upcoming SPM and STPM examinations. The Group aims at expanding its market share going forward as we expect the market to consolidate further as a result of the pandemic. This would benefit the Group as it further strengthens our economies of scale.

The Group's competitive advantage in content development remains strong and relevant in the current situation. We are able to leverage and adopt our contents to meet the wide and diverse range of educational needs, including the home-based learning needs arising out of the pandemic. This includes both the production of conventional print publishing products and digital education solutions.

In our digital solutions segment, we have seen an increase in demand and inquiry from both end-users and businesses. As announced on 30 June 2020, the Group has entered into a Memorandum of Collaboration with Huawei Technologies (Malaysia) Sdn Bhd. This collaboration enables us to further strengthen our digital capabilities and enhance our competitiveness as an education solutions provider. The Group's digital & network marketing segment has shown resilience throughout the duration of the MCO and was able to carry out business canvassing activities via digital platform. The Group hopes to ride on the catalytic effect on digital solutions created by the MCO and achieve higher growth for the digital segment going forward.

The demand for our English upskilling products i.e. the Cambridge Assessment English Linguaskill and New York City English program are expected to pick up due to the fast changing and competitive nature of the current job market, post MCO. The Group has also capitalised on the opportunity to make our products available to the HRDF's Place and Train program, which is designed to aid workers who were retrenched due to MCO, in terms of upskilling and training. Being fully digitalised and highly functional, both products are able to meet the diverse demands of the situation today.

Considering the initiatives currently in the pipeline, we are conservatively optimistic about the Group's future growth despite these challenging times.

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 31.05.2020 RM'000	Preceding Year Quarter 31.05.2019 RM'000	Current Year-To-Date 31.05.2020 RM'000	Preceding Year-To-Date 31.05.2019 RM'000
Amortisation of intangible assets	355	355	1,065	1,052
Depreciation on property, plant and equipment	527	580	1,588	1,763
Depreciation on investment properties	14	14	41	40
Depreciation on rights-of-use assets	242	-	719	-
Dividend income	(2)	-	(5)	(5)
Gain on disposal of property, plant and equipment	-	(105)	(83)	(105)
Write-off of property, plant and equipment	-	-	-	3
Impairment loss on property, plant and equipment	355	-	355	-
Impairment loss on trade receivables	1,326	250	1,628	691
Provision of inventories write-down	3,772	-	3,772	-
Finance costs	500	645	1,804	2,233
Finance income	(41)	(3)	(47)	(9)
Realised foreign exchange loss	-	(22)	5	(9)
Unrealised foreign exchange loss	-	-	1	-

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 31.05.2020 RM'000	Preceding Year Quarter 31.05.2019 RM'000	Current Year-To-Date 31.05.2020 RM'000	Preceding Year-To-Date 31.05.2019 RM'000
Current tax expense				
- Current period	(1,918)	399	1,101	4,241
- Prior period	4	(5)	27	(17)
	(1,914)	394	1,128	4,224
Deferred tax expense				
- Current period	126	183	(17)	(74)
- Prior period	-	-	-	(32)
	126	183	(17)	(106)
Total tax expense	(1,788)	577	1,111	4,118

The effective tax rate for the current financial quarter is higher than the statutory tax rate of 24% mainly due to certain expenses not allowable for income tax purposes.

B7. Status of Corporate Proposals and Utilisation of Proceeds

As at the date of this report:

- (i) There are no corporate proposals announced but not completed; and
- (ii) all proceeds from corporate proposals implemented by the Company in the past have been fully utilised.

B8. Loans and Borrowings

The Group's loans and borrowings as at 31 May 2020 were as follows:

	As at 31.05.2020 RM'000	As at 31.08.2019 RM'000
Non-current		
Finance lease liabilities	276	228
Term loans - secured	11,061	12,805
	11,337	13,033
Current		
Finance lease liabilities	131	110
Term loans - secured	3,223	3,845
Bank overdrafts - secured	18,208	16,448
Bankers' acceptances - secured	5,596	1,924
	27,158	22,327
	38,495	35,360

The above borrowings are denominated in Ringgit Malaysia.

B9. Material Litigation

There is no pending material litigation at the date of this report.

B10. Dividend

No dividend has been declared or recommended for payment by the Company for the current financial quarter.



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B11. Earnings Per Share

The basic earnings per share for the current financial quarter is computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.05.2020 RM'000	Preceding Year Quarter 31.05.2019 RM'000	Current Year-To-Date 31.05.2020 RM'000	Preceding Year-To-Date 31.05.2019 RM'000
Net profit/(loss) attributable to owners of the Company	(8,771)	635	(2,748)	8,646
Weighted average number of ordinary shares in issue ('000)	419,099	419,099	419,099	419,099
Basic earnings/(loss) per ordinary share (sen)	(2.09)	0.15	(0.66)	2.06
Diluted earnings/(loss) per ordinary share (sen)	(2.09)	N/A	(0.66)	N/A

Diluted EPS of the Group for the individual and cumulative quarter 31 May 2020 is equivalent to the basic EPS as the share option had an anti-dilutive effect on the basic EPS and the Group has no other dilutive potential ordinary shares in issue at the end of the reporting period.

B12. Derivative Financial Instruments

The Group did not enter into any derivative financial instruments which were outstanding as at 31 May 2020.

By order of the Board
Kuala Lumpur
29 July 2020