


SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

THIRD QUARTER REPORT ENDED 31 MAY 2021
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MAY 2021 ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.05.2021 RM'000	Preceding Year Quarter 31.05.2020 RM'000	Current Year-To-Date 31.05.2021 RM'000	Preceding Year-To-Date 31.05.2020 RM'000
Revenue	15,318	4,946	53,989	55,652
Cost of sales	(8,040)	(8,924)	(29,722)	(35,826)
Gross profit/(loss)	7,278	(3,978)	24,267	19,826
Other operating income	5	313	808	538
Distribution expenses	(1,662)	(1,518)	(4,797)	(5,954)
Administrative expenses	(3,634)	(2,620)	(10,265)	(10,245)
Other operating expenses	(251)	(2,297)	(1,460)	(4,045)
Results from operating activities	1,736	(10,100)	8,553	120
Finance income	2	41	5	47
Finance costs	(338)	(500)	(1,346)	(1,804)
Profit/(Loss) before tax	1,400	(10,559)	7,212	(1,637)
Taxation	(848)	1,788	(2,900)	(1,111)
Net profit/(loss) for the financial period	552	(8,771)	4,312	(2,748)
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	(10)	(30)	(17)	(33)
Other comprehensive income/(loss) for the financial period, net of tax	(10)	(30)	(17)	(33)
Total comprehensive income/(loss) for the financial period	542	(8,801)	4,295	(2,781)
Net profit/(loss) for the financial period attributable to:				
- Owners of the Company	552	(8,771)	4,312	(2,748)
- Non-controlling interests	-	-	-	-
	552	(8,771)	4,312	(2,748)
Total comprehensive income/(loss) attributable to:				
- Owners of the Company	542	(8,801)	4,295	(2,781)
- Non-controlling interests	-	-	-	-
	542	(8,801)	4,295	(2,781)
Earnings/(Loss) per share (sen) attributable to owners of the Company:				
- Basic	0.13	(2.09)	1.03	(0.66)
- Diluted	0.13	(2.09)	1.02	(0.66)

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 2020 and the accompanying explanatory notes attached to these interim financial statements.


SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

THIRD QUARTER REPORT ENDED 31 MAY 2021
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2021 ⁽¹⁾

	Unaudited As at 31.05.2021 RM'000	Audited As at 31.08.2020 RM'000
ASSETS		
Property, plant and equipment	38,724	44,967
Rights-of-use assets	1,443	2,025
Investment properties	2,386	2,426
Intangible assets	22,585	23,650
Other investments	211	227
Deferred tax assets	1,323	1,396
Total non-current assets	66,672	74,691
Inventories	71,518	69,386
Rights to recover returned goods	2,175	1,283
Contract costs	513	597
Trade and other receivables	38,619	40,356
Current tax assets	4,217	5,537
Prepayments	4,772	4,688
Cash and cash equivalents	10,011	6,230
Total current assets	131,825	128,077
Asset classified as held for sale	4,982	6,998
Total assets	203,479	209,766
EQUITY		
Share capital	108,843	108,210
Treasury shares	(1)	(1)
Reserves	42,442	37,833
Total equity	151,284	146,042
LIABILITIES		
Loans and borrowings	2,495	10,667
Lease liabilities	709	1,191
Deferred tax liabilities	7,659	7,332
Total non-current liabilities	10,863	19,190
Loans and borrowings	19,177	27,009
Lease liabilities	880	887
Refund liabilities	4,210	2,414
Trade and other payables	15,318	12,284
Contract liabilities	1,652	1,940
Current tax liabilities	95	-
Total current liabilities	41,332	44,534
Total liabilities	52,195	63,724
Total equity and liabilities	203,479	209,766
Net assets per share attributable to owners of the Company (RM)	0.36	0.35

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 2020 and the accompanying explanatory notes attached to these interim financial statements.



SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

THIRD QUARTER REPORT ENDED 31 MAY 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE (9) MONTHS ENDED 31 MAY 2021 ⁽¹⁾

	<----- Non-distributable ----->						Distributable	
	Share capital	Treasury shares	Share Options	Merger	Fair value	Revaluation	Retained	Total
	RM'000	RM'000	reserve	deficit	reserve	reserve	earnings	equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 September 2020	108,210	(1)	400	(50,500)	(44)	22,174	65,803	146,042
Total comprehensive income/(loss) for the financial period	-	-	-	-	(17)	-	4,312	4,295
Transaction with owners of the Company								
Expiry of share options under ESOS			(400)				400	-
Share options vested under ESOS	-	-	500	-	-	-	-	500
Ordinary shares issued pursuant to ESOS	633	-	(186)	-	-	-	-	447
Total transactions with owners of the Company	633	-	(86)	-	-	-	400	947
At 31 May 2021	108,843	(1)	314	(50,500)	(61)	22,174	70,515	151,284
As at 1 September 2019	108,210	(1)	-	(50,500)	(6)	22,484	74,755	154,942
Total comprehensive income/(loss) 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

Notes:

- (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 2020 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE (9) MONTHS ENDED 31 MAY 2021 ⁽¹⁾

	Current Year-To-Date 31.05.2021 RM'000	Preceding Year-To-Date 31.05.2020 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	7,212	(1,637)
Adjustments for:		
Amortisation of intangible assets	1,065	1,065
Depreciation of property, plant and equipment	1,312	1,588
Depreciation of investment properties	40	41
Depreciation of rights-of-use assets	687	719
Dividend income	(1)	(5)
Provision of inventories write-down	-	3,772
Impairment loss on property, plant and equipment	-	355
(Reversal)/Impairment loss on trade receivables	(590)	1,628
Gain on disposal of property, plant and equipment	(5)	(83)
Unrealised foreign exchange loss	1	1
Share options vested under ESOS	500	400
Finance costs	1,346	1,804
Finance income	(5)	(47)
Operating profit before changes in working capital	11,562	9,601
Changes in inventories	(2,132)	(3,651)
Changes in rights to recover returned goods	(892)	519
Changes in contract costs	84	(241)
Changes in trade and other receivables and prepayments	2,243	2,728
Changes in refund liabilities	1,796	(860)
Changes in trade and other payables	3,033	(5,916)
Changes in contract liabilities	(288)	954
Cash generated from operations	15,406	3,134
Tax paid	(1,395)	(4,195)
Tax refunded	310	48
Interest paid	(906)	(858)
Interest received	5	47
Net cash generated from/(used in) operating activities	13,420	(1,824)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	7,006	113
Dividend received from other investments	1	5
Acquisition of intangible assets	-	(15)
Acquisition of property, plant and equipment	(54)	(1,020)
Net cash generated from/(used in) investing activities	6,953	(917)

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2020 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE (9) MONTHS ENDED 31 MAY 2021 ⁽¹⁾ (CONT'D)

	Current Year-To-Date 31.05.2021 RM'000	Preceding Year-To-Date 31.05.2020 RM'000
Cash flows from financing activities		
Net (repayment)/drawdown of bankers' acceptances	(628)	3,672
Net (repayment)/addition of finance lease liabilities	(202)	69
Net repayment of term loans	(7,812)	(2,366)
Net repayment of lease liabilities	(668)	(768)
Proceeds from issuance of shares pursuant to ESOS	447	-
Interest paid	(366)	(864)
Net cash used in financing activities	<u>(9,229)</u>	<u>(257)</u>
Net increase/(decrease) in cash and cash equivalents	11,144	(2,998)
Cash and cash equivalents at beginning of the financial period	(12,495)	(9,626)
Cash and cash equivalents at end of the financial period	<u>(1,351)</u>	<u>(12,624)</u>

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

	Current Year-To-Date 31.05.2021 RM'000	Preceding Year-To-Date 31.05.2020 RM'000
Cash and bank balances	9,267	5,472
Deposit placed with a licensed bank	<u>744</u>	<u>733</u>
	10,011	6,205
Less : Deposits pledged	(630)	(621)
Bank overdrafts	<u>(10,732)</u>	<u>(18,208)</u>
	<u>(1,351)</u>	<u>(12,624)</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2020 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 2020 and the accompanying explanatory notes attached to these interim financial statements.

These interim financial statements provide an explanation of significant events and transactions that contributed to the changes in the financial position and performance of the Company and its subsidiaries (“the Group”) since the financial year ended 31 August 2020.

The significant accounting policies and methods of computation applied in these unaudited condensed interim financial statements are consistent with those adopted for the Audited Financial Statements of the Company for the financial year ended 31 August 2020, 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 2021

- Amendments to MFRS 4, *Insurance Contracts*, MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, and MFRS 16, *Leases - Interest Rate Benchmark Reform - Phase 2*

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

- Amendments to MFRS 16, *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

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*, and 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 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current*
- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)

A1. Accounting Policies and Basis of Preparation (cont'd)

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.

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 2020 were not qualified.

A3. Seasonality or Cyclicity of Operations

The Group's business operations are exposed to seasonality patterns as the Group generally experiences the highest quarterly sales in the second financial quarter (December to February) and lowest quarterly sales in the fourth financial quarter (June to August) in every financial year. This is primarily caused by the timing of the start of the academic year for national schools, which may adversely impact 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.

Save as disclosed above, there were no significant items affecting the assets, liabilities, equity, net income, or cash flows of the Group that were unusual in nature, size or 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

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 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. These options have expired on 5 December 2020 and none of the options granted were exercised.

On 17 February 2021, the Board of Directors have approved the extension of the ESOS which will be expiring on 31 August 2021, for a further period of five (5) years from 1 September 2021 to 31 August 2026. Of even date, the Company offered another 10,000,000 options at an exercise price of RM0.12 each to its eligible employees under the ESOS. As at the end of the current financial quarter, 3,725,000 options granted under this tranche have been exercised.

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)
A6. Debt and Equity Securities (cont’d)

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.

A8. Segment Information

Segmental information is presented by the Group in accordance with the Group’s operations and products to enable better monitoring and management, as well as clearer performance reporting.

Current financial quarter ended 31 May 2021

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter- segment elimination RM'000	Total RM'000
Revenue	14,077	815	623	(197)	15,318
Cost of sales	(7,429)	(634)	(243)	266	(8,040)
Gross profit/(loss)	6,648	181	380	69	7,278
Add/(Less):					
Other operating income					5
Distribution expenses					(1,662)
Administrative expenses					(3,634)
Other operating expenses					(251)
Results from operating activities					1,736

Current financial year-to-date ended 31 May 2021

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter- segment elimination RM'000	Total RM'000
Revenue	50,612	2,820	1,529	(972)	53,989
Cost of sales	(27,661)	(2,175)	(534)	648	(29,722)
Gross profit	22,951	645	995	(324)	24,267
Add/(Less):					
Other operating income					808
Distribution expenses					(4,797)
Administrative expenses					(10,265)
Other operating expenses					(1,460)
Results from operating activities					8,553

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)
A8. Segment Information (cont'd)
Preceding financial year's corresponding 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					<u>(10,100)</u>

Preceding financial year's corresponding 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					<u>120</u>

Notes:

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

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

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)**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 2020.

Contingent Assets

The Group does not have any material contingent assets as at 31 May 2021.

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

B1. Review of Performance

Current Quarter ended 31 May 2021 against Preceding Financial Year's Corresponding Quarter ended 31 May 2020

The Group recorded a revenue of RM15.318 million for the current financial quarter as compared to RM4.946 million for the preceding financial year's corresponding quarter. This represents an increase of RM10.372 million (equivalent to 209.70%) mainly contributed by our Print Publishing Division, which showed an increase of RM10.645 million.

The higher sales in the current quarter were partly attributed to our well accepted hybrid products which combine both conventional print media and digital solutions that facilitate PDPR, or home-based teaching and learning. The increase in revenue was also partly attributed to the spill over of book orders from the previous quarter into the current quarter due to the delay in starting of the new school term and physical classes.

The Group recorded a profit before tax ("PBT") of RM1.400 million for the current financial quarter vis-à-vis a loss before tax ("LBT") of RM10.559 million for the preceding financial year's corresponding quarter. This represents an increase of RM11.959 million due to the higher revenue achieved above as well as lower expenses incurred during the period as a result of various cost cutting measures implemented by the Group.

Current Financial Year-to-Date ended 31 May 2021 against Preceding Financial Year's Corresponding Year-to-date ended 31 May 2020

The Group recorded a revenue of RM53.989 million for the current financial year-to-date as compared to RM55.652 million for the preceding financial year-to-date, representing a decrease of RM1.663 million (equivalent to 2.99%), mainly attributable to Print Publishing Division and Applied Learning Products Division, which showed a revenue decrease of RM0.789 million and RM0.757 million respectively due to the closure of schools where we were unable to actively market our products and the overall economy which are still dampened by the Covid-19 pandemic.

The Group recorded a PBT of RM7.212 million for the current financial year-to-date vis-a-vis a LBT of RM1.637 million for the preceding financial year-to-date. This represents an increase of RM8.849 million due to higher gross profit margin as well as lower expenses incurred during the period as a result of various cost cutting measures implemented by the Group.

B2. Variation of Results for the Current Financial Quarter ended 31 May 2021 against the Immediate Preceding Financial Quarter

	Current Quarter 31.05.2021 RM'000	Preceding Quarter 28.02.2021 RM'000	Change RM'000
Revenue	15,318	24,184	(8,866)
Profit Before Tax	<u>1,400</u>	<u>5,536</u>	(4,136)

The Group recorded a revenue of RM15.318 million for the current financial quarter as compared to RM24.184 million for the immediate preceding financial quarter, representing a decrease of RM8.866 million (equivalent to 36.66%). The higher revenue in the immediate preceding financial quarter is attributed to the seasonally higher sales of our academic book sales due to the start of the new academic school year.

Similarly, the Group recorded a PBT of RM1.400 million for the current financial quarter as compared to a PBT of RM5.536 million for the immediate preceding financial quarter due to the reasons above.

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. Group's Prospects for the financial year ending ("FYE") 31 August 2021

The COVID-19 pandemic has presented significant challenges to the Group's operations during FYE 31 August 2020. Considering the pandemic is still at large in FYE 31 August 2021, we continue to remain vigilant and steadfast while conducting the Group's operations in view of the continued lockdowns nationwide, notably with many States still remaining in Phase 1 and 2 of the National Recovery Plan (NRP). Concurrently, the Group is also hopeful of our prospects of FYE 31 August 2021, notably with the recent announcement of bookshops in Klang Valley being allowed to operate during the lockdown and heightened efforts by the Network Marketing Business Division to market our flagship digital learning platform, i-LEARN Ace.

During the course of the pandemic, we have seen the importance of incorporating digital elements into our education solutions as teachers and students nationwide are forced to conduct teaching and learning respectively remotely. As such, we have ramped up efforts in our Print Publishing segment by offering a diverse range of educational products that combine both conventional print media and digital solutions, coined as hybrid print publishing products. We have been receiving favourable demand for these hybrid products thus far in the 2021 academic year and are expecting this trend to continue.

Further cementing the importance and necessity of digital education solutions, the Education sector has been identified as one of the key sectors-in-focus within the Malaysia Digital Economy Blueprint, with a core target for all schools to adopt digital solutions and technology in the delivery of education by 2025. With over 10 years of experience in developing digital education solutions for the Malaysian market, our Group is confident that we are able to capitalise on this opportunity to digitally transform Malaysia's education sector. As a testament to our digital education expertise, we have also launched our online tuition platform, "Tutor2U", which allows students in Malaysia to receive on-demand e-tuition services from teachers across the nation. This platform represents the Groups first foray into the gig economy business, and we are hopeful that it will be well-received by students, tutors and parents as we progress towards an increasingly digitalised society and nation. Our Group will continuously develop, improve and innovate this platform with a clear focus for Tutor2U to be Malaysia's go-to online tuition platform.

The Group has also been heightening efforts for our early English literacy development product, the CEFR-aligned Peapod Readers by Collins. In tandem with the 10-year National Reading Decade 2021-2030 programme launched by the Minister of Education, our Peapod Readers series comprising 200 titles targeting pre-schoolers and primary school year 1-3 students will be instrumental in growing our market share in the early childhood education market. We believe Peapod Readers is a powerful educational tool for young children to kick-start their early English literacy journey and as such, have been increasing marketing and product awareness efforts to parents and teachers nationwide. In terms of our English competency assessment product, Linguaskill by Cambridge Assessment English, the product continues to be well received by institutions of higher learning during the 2021 academic year.

Moving forward, the Group aims to expand its market share as we anticipate the market to consolidate further and due to our diverse offering of products that can meet diverse demands. The Group also aims to make bigger inroads into the digital education business through the continued development of our Tutor2U platform and by riding on the call to accelerate the digitalization of Malaysia's education system and sector, which our Group is confident will be well-poised to capitalise on effectively. We will continue to monitor our risk management strategies, including cost reduction measures and liquidity management, which will benefit the Group as it further strengthens its economies of scale and financial position. Barring any unforeseen circumstances, we are hopeful about the Group's prospects for FYE 31 August 2021.

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)
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 31.05.2021 RM'000	Preceding Year Quarter 31.05.2020 RM'000	Current Year-To-Date 31.05.2021 RM'000	Preceding Year-To-Date 31.05.2020 RM'000
Amortisation of intangible assets	356	355	1,065	1,065
Depreciation on property, plant and equipment	408	527	1,312	1,588
Depreciation on investment properties	14	14	40	41
Depreciation on rights-of-use assets	223	242	687	719
Dividend income	-	(2)	(1)	(5)
Gain on disposal of property, plant and equipment	(5)	-	(5)	(83)
Impairment loss on property, plant and equipment	-	355	-	355
Share options vested under ESOS	-	-	500	400
(Reversal)/Impairment loss on trade receivables	(423)	1,326	(590)	1,628
Provision of inventories write-down	-	3,772	-	3,772
Finance costs	-	500	1,346	1,804
Finance income	-	(41)	(5)	(47)
Realised foreign exchange (gain)/loss	(18)	-	(13)	5
Unrealised foreign exchange loss	-	-	1	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.

B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.05.2021 RM'000	Preceding Year Quarter 31.05.2020 RM'000	Current Year-To-Date 31.05.2021 RM'000	Preceding Year-To-Date 31.05.2020 RM'000
Current tax expense				
Current period	720	(1,918)	2,477	1,101
Prior period	23	4	23	27
	743	(1,914)	2,500	1,128
Deferred tax expense				
Current period	105	126	400	(17)
	848	(1,788)	2,900	1,111

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

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B7. Status of Corporate Proposals and Utilisation of Proceeds

i) Status of Corporate Proposals

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

(a) Proposed Private Placement

On 14 September 2020, the Company has announced that it will undertake a private placement of up to 42,909,850 new ordinary shares in Sasbadi Holdings Berhad ("Placement Shares"), representing ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company, at an issue price to be determined and announced later ("Proposed Private Placement"). Bursa Securities has, vide its letter dated 18 September 2020, approved the listing of and quotation for the Placement Shares subject to the certain conditions. Subsequently, Bursa Securities has, vide its letter dated 10 March 2021, approved an extension of time of six (6) months until 17 September 2021 for the Company to complete the Proposed Private Placement.

(b) Proposed Disposal of Property

Sasbadi Sdn Bhd, a wholly owned subsidiary of the Company, had on 17 August 2020 entered into a conditional sale and purchase agreement with KL Med Supplies (M) Sdn Bhd for the disposal of a parcel of leasehold industrial land held under H.S.(D) 283534, PT 12527, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor, measuring approximately 1,157.993 square meters (equivalent to 12,464.53 square feet) with a three (3) - storey factory building erected thereon, for a total cash consideration of RM7,150,000. The disposal has been completed on 6 April 2021.

ii) Utilisation of Proceeds

As at the date of this report, 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 2021 were as follows:

	As at 31.05.2021 RM'000	As at 31.08.2020 RM'000
Non-current		
Finance lease liabilities	71	231
Term loans - secured	2,424	10,436
	<u>2,495</u>	<u>10,667</u>
Current		
Finance lease liabilities	103	145
Term loans - secured	4,047	3,847
Bank overdrafts - secured	10,732	18,094
Bankers' acceptances - secured	4,295	4,923
	<u>19,177</u>	<u>27,009</u>
	<u>21,672</u>	<u>37,676</u>

The above borrowings are denominated in Ringgit Malaysia.

B9. Material Litigation

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

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B10. Dividend

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

B11. Earnings Per Share ("EPS")

i) Basic Earnings Per Share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.05.2021 RM'000	Preceding Year Quarter 31.05.2020 RM'000	Current Year-To-Date 31.05.2021 RM'000	Preceding Year-To-Date 31.05.2020 RM'000
Net profit/(loss) attributable to owners of the Company	552	(8,771)	4,312	(2,748)
Weighted average number of ordinary shares in issue ('000)	420,341	419,099	419,513	419,099
Basic earnings/(loss) per ordinary share (sen)	0.13	(2.09)	1.03	(0.66)

ii) Diluted Earnings Per Share

Diluted earnings per share arising from the share options vested under ESOS of the Company is computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.05.2021 RM'000	Preceding Year Quarter 31.05.2020 RM'000	Current Year-To-Date 31.05.2021 RM'000	Preceding Year-To-Date 31.05.2020 RM'000
Net profit/(loss) attributable to owners of the Company	552	(8,771)	4,312	(2,748)
Weighted average number of ordinary shares in issue ('000)	420,341	419,099	419,513	419,099
Effect of dilution due to ESOS ('000)	2,002	-	1,897	-
Adjusted weighted average number of ordinary shares ('000)	422,343	419,099	421,410	419,099
Diluted earnings/(loss) per ordinary share (sen)	0.13	(2.09)	1.02	(0.66)

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



SASBADI HOLDINGS BERHAD

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Incorporated in Malaysia

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**B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

B12. Derivative Financial Instruments

The Group did not enter into any derivative financial instruments which were outstanding as at 31 May 2021.

By order of the Board
Kuala Lumpur
29 July 2021