



# SASBADI HOLDINGS BERHAD (1022660-T)

Incorporated in Malaysia under the Companies Act, 1965

FIRST QUARTER REPORT ENDED 30 NOVEMBER 2016

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2016 <sup>(1)</sup>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.11.2016 RM'000	Preceding Year Quarter 30.11.2015 RM'000	Current Year-To-Date 30.11.2016 RM'000	Preceding Year-To-Date 30.11.2015 RM'000
<b>Revenue</b>	31,211	21,030	31,211	21,030
<b>Cost of sales</b>	(16,297)	(11,740)	(16,297)	(11,740)
<b>Gross profit</b>	14,914	9,290	14,914	9,290
Other operating income	226	5	226	5
Distribution expenses	(2,420)	(1,992)	(2,420)	(1,992)
Administrative expenses	(5,486)	(3,598)	(5,486)	(3,598)
Other operating expenses	(473)	(187)	(473)	(187)
<b>Results from operating activities</b>	6,761	3,518	6,761	3,518
Finance income	51	9	51	9
Finance costs	(433)	(287)	(433)	(287)
<b>Profit before tax</b>	6,379	3,240	6,379	3,240
Tax expense	(1,628)	(920)	(1,628)	(920)
<b>Net profit for the financial period</b>	4,751	2,320	4,751	2,320
<b>Other comprehensive income for the financial period, net of tax</b>				
Fair value of available-for-sale financial assets	(13)	-	(13)	-
<b>Total comprehensive income for the financial period</b>	4,738	2,320	4,738	2,320
<b>Net profit for the financial period attributable to:</b>				
- Owners of the Company	4,337	2,032	4,337	2,032
- Non-controlling interests	414	288	414	288
	4,751	2,320	4,751	2,320
<b>Total comprehensive income attributable to :</b>				
- Owners of the Company	4,328	2,032	4,328	2,032
- Non-controlling interests	410	288	410	288
	4,738	2,320	4,738	2,320
<b>Earnings per share (sen) attributable to owners of the Company:</b>				
- Basic <sup>(2)</sup>	1.55	0.80	1.55	0.80
- 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 2016 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 30 NOVEMBER 2016 (1)**

	Unaudited As at 30.11.2016 RM'000	Audited As at 31.08.2016 RM'000
<b>ASSETS</b>		
Property, plant and equipment	42,526	42,581
Investment properties	2,624	2,637
Intangible assets	27,728	27,737
Other investments	354	367
Deferred tax assets	1,098	1,018
<b>Total non-current assets</b>	<b>74,330</b>	<b>74,340</b>
Inventories	51,967	47,869
Current tax assets	2,629	2,657
Trade and other receivables	69,893	51,689
Prepayments	2,467	2,486
Cash and cash equivalents	15,132	25,885
<b>Total current assets</b>	<b>142,088</b>	<b>130,586</b>
<b>Total assets</b>	<b>216,418</b>	<b>204,926</b>
<b>EQUITY</b>		
Share capital	69,850	69,850
Share premium	38,401	38,401
Treasury shares	(1)	-
Reserves	43,721	39,393
<b>Equity attributable to owners of the Company</b>	<b>151,971</b>	<b>147,644</b>
Non-controlling interests	5,877	5,467
<b>Total equity</b>	<b>157,848</b>	<b>153,111</b>
<b>LIABILITIES</b>		
Loans and borrowings	9,080	9,517
Deferred tax liabilities	6,915	7,429
<b>Total non-current liabilities</b>	<b>15,995</b>	<b>16,946</b>
Loans and borrowings	17,970	10,519
Provisions	1,705	1,062
Trade and other payables	21,566	22,351
Current tax liabilities	1,334	937
<b>Total current liabilities</b>	<b>42,575</b>	<b>34,869</b>
<b>Total liabilities</b>	<b>58,570</b>	<b>51,815</b>
<b>Total equity and liabilities</b>	<b>216,418</b>	<b>204,926</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>0.54</b>	<b>0.53</b>

**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 2016 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 THREE (3) MONTHS ENDED 30 NOVEMBER 2016 <sup>(1)</sup>

	<----- Non-distributable ----->				Distributable			Non-	Total
	Share capital	Share premium	Treasury shares	Merger deficit	Fair value reserve	Revaluation reserve	Retained earnings	controlling interests	equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 September 2016</b>	69,850	38,401	-	(50,500)	17	13,596	76,280	5,467	153,111
Fair value of available-for-sale financial assets	-	-	-	-	(9)	-	-	(4)	(13)
Total other comprehensive income	-	-	-	-	(9)	-	-	(4)	(13)
Net profit for the financial period	-	-	-	-	-	-	4,337	414	4,751
<b>Total comprehensive income for the financial period</b>	-	-	-	-	(9)	-	4,337	410	4,738
<i>Contributions by and distributions to owners of the Company</i>									
Repurchase of shares	-	-	(1)	-	-	-	-	-	(1)
<b>Total transactions with owners of the Company</b>	-	-	(1)	-	-	-	-	-	(1)
<b>At 30 November 2016</b>	69,850	38,401	(1)	(50,500)	8	13,596	80,617	5,877	157,848
<b>At 1 September 2015</b>	63,500	13,461	-	(50,500)	-	13,596	65,173	5,061	110,291
Profit/Total comprehensive income for the financial period	-	-	-	-	-	-	2,032	288	2,320
<b>At 30 November 2015</b>	63,500	13,461	-	(50,500)	-	13,596	67,205	5,349	112,611

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 2016 and the accompanying explanatory notes attached to these interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE (3) MONTHS ENDED 30 NOVEMBER 2016 <sup>(1)</sup>**

	Current Year-To-Date 30.11.2016 RM'000	Preceding Year-To-Date 30.11.2015 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	6,379	3,240
Adjustments for:		
Amortisation of intangible assets	547	331
Depreciation on property, plant and equipment	614	613
Depreciation on investment properties	13	-
Provision for inventories write-down	-	208
Impairment loss on trade receivables	558	-
Gain on disposal of property, plant and equipment	(187)	(5)
Interest expense	407	282
Interest income	(51)	(9)
Provision for sales returns	643	196
Operating profit before changes in working capital	8,923	4,856
Changes in inventories	(4,073)	(731)
Changes in trade and other receivables and prepayments	(18,670)	(8,798)
Changes in trade and other payables	(880)	(565)
Cash used in operations	(14,700)	(5,238)
Tax paid	(1,803)	(1,772)
Interest paid	(243)	(279)
Interest received	51	9
Net cash used in operating activities	(16,695)	(7,280)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	225	5
Acquisition of subsidiaries, net of cash and cash equivalents	(848)	-
Acquisition of intangible assets	(4)	-
Acquisition of property, plant and equipment	(235)	(178)
Net cash used in investing activities	(862)	(173)
<b>Cash flows from financing activities</b>		
Net drawdown of bankers' acceptances	2,469	3,655
Repayment of finance lease liabilities	(20)	(25)
Repayment of term loans	(600)	-
Purchase of treasury shares	(1)	-
Interest paid	(164)	(3)
Net cash generated from financing activities	1,684	3,627
<b>Net decrease in cash and cash equivalents</b>	(15,873)	(3,826)
<b>Cash and cash equivalents at beginning of the financial period</b>	17,293	45
<b>Cash and cash equivalents at end of the financial period</b>	1,420	(3,781)



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE (3) MONTHS ENDED 30 NOVEMBER 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 30.11.2016 RM'000</b>	<b>Preceding Year-To-Date 30.11.2015 RM'000</b>
Cash and bank balances	9,085	8,555
Deposit placed with a licensed bank	1,047	507
Short term funds	5,000	-
	<hr/> 15,132	<hr/> 9,062
Less: Bank overdrafts	(13,712)	(12,843)
	<hr/> 1,420	<hr/> (3,781)

**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 2016 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 2016 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 2016.

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 2016, 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 2017***

- . Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements 2014-2016 Cycle)*
- . 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*
- . Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- . Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)*
- . Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*
- . Amendments to MFRS 4, *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- . Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements 2014-2016 Cycle)*
- . Amendments to MFRS 140, *Transfers of Investment Property*
- . IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*

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

- . MFRS 16, *Leases*



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

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

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

- 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.

**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 2016 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.

Notwithstanding the above, the Group has recorded significantly higher sales in the current financial quarter owing to the reasons stated in Note B1 below.



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**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.

**A5. Changes in Estimates**

There were no changes in the estimates that have a material effect in the current financial quarter.

**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. As at the date of this report, the Company has yet to grant any options under the ESOS.

**(ii) Repurchase of Shares**

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.

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

**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 in accordance with the Group's entities, which are the Group's strategic business units.

**Current financial quarter / year-to-date ended 30 November 2016**

	Sasbadi Online		Sasbadi Learning Solutions		Malaysian Book Promotions		Orbit Bukit Sdn Bhd		United Publishing House (M) Sdn Bhd and its subsidiaries		Inter-company elimination		Total
	Sasbadi Sdn Bhd	Online Sdn Bhd & Mindtech Education Sdn Bhd	Sasbadi Sdn Bhd	Solutions Sdn Bhd	Malaysian Book Promotions Sdn Bhd	Orbit Bukit Sdn Bhd	United Publishing House (M) Sdn Bhd	Inter-company elimination	Other entities	United Publishing House (M) Sdn Bhd and its subsidiaries	Inter-company elimination	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue	20,852	1,206	445	460	1,184	(357)	873	8,082	-	1,979	(2,997)	31,211	
Cost of sales	(11,038)	(1,066)	(357)	(333)	(311)	(357)	(311)	(5,256)	-	(933)	2,997	(16,297)	
Gross profit	9,814	140	88	127	873	88	873	2,826	-	1,046	-	14,914	
Add/(Less):													
Other operating income												226	
Distribution expenses												(2,420)	
Administrative expenses												(5,486)	
Other operating expenses												(473)	
Results from operating activities												6,761	

**Preceding financial year's corresponding quarter / year-to-date ended 30 November 2015**

	Sasbadi Sdn Bhd RM'000	Sasbadi Online Sdn Bhd RM'000	Orbit Bukit 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	14,738	852	247	826	751	5,354	-	(1,738)	21,030
Cost of sales	(8,693)	(579)	(158)	(345)	(371)	(3,332)	-	1,738	(11,740)
Gross profit	6,045	273	89	481	380	2,022	-	-	9,290
<b>Add/(Less):</b>									
Other operating income									5
Distribution expenses									(1,992)
Administrative expenses									(3,598)
Other operating expenses									(187)
<b>Results from operating activities</b>									<b>3,518</b>



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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**

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**

On 21 October 2016, the Company's wholly-owned subsidiary, Sasbadi Learning Solutions Sdn Bhd, completed the acquisition of 100% equity interest in Distinct Motion Sdn Bhd ("Distinct Motion") for a cash consideration of RM850,000. Distinct Motion has a wholly-owned subsidiary, Distinct Element Sdn Bhd (*Note : Distinct Motion and its subsidiary are herein collectively known as "Distinct Motion Group"*).

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

	RM'000
Purchase consideration	850
Provisional fair value of identifiable net assets of Distinct Motion Group	(316)
Goodwill on acquisition	<u>534</u>

**A12. Capital Commitments**

The capital commitments at end of the current financial quarter is as follows:

	As at 30.11.2016 RM'000	As at 31.08.2016 RM'000
Property, plant and equipment		
- Contracted but not provided for <sup>(1)</sup>	2,340	-
- Authorised but not contracted for <sup>(1)</sup>	-	<u>2,600</u>

**Note:**

(1) 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 (each unit of the properties for a purchase price of RM1,300,000) ("Proposed Acquisition").

The Proposed Acquisition was completed on 3 January 2017.

**A13. Changes in Contingent Liabilities and Contingent Assets**

Contingent Liabilities

	As at 30.11.2016 RM'000	As at 31.08.2016 RM'000
Bank guarantees obtained by the subsidiaries to the Ministry of Education Malaysia	<u>532</u>	<u>338</u>

Contingent Assets

The Group does not have any material contingent assets as at 30 November 2016.



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

**B1. Review of Performance**

The Group recorded a revenue of RM31.211 million for the current financial quarter as compared to RM21.030 million for the preceding financial year's corresponding quarter, representing an increase of RM10.181 million (equivalent to a 48.4% increase).

The increase in revenue in the current financial quarter was mainly attributable to the higher revenue recorded by our subsidiaries, i.e. Sasbadi Sdn Bhd (increased by RM6.114 million) and the Sanjung Unggul Group (i.e. Sanjung Unggul Sdn Bhd and its subsidiaries) (increased by RM2.728 million), as well as the consolidation of the revenue of the United Publishing Group (i.e. United Publishing House (M) Sdn Bhd and its subsidiaries) (RM1.979 million) post acquisition by the Company in August 2016. Our subsidiaries, i.e. Sasbadi Online Sdn Bhd and Mindtech Education Sdn Bhd ("Mindtech Education"), also showed an increase in revenue 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 increase in the revenue of Sasbadi Sdn Bhd and the Sanjung Unggul Group in the current financial quarter was mainly owing to the delivery/supply to schools under the contracts with the Ministry of Education Malaysia ("MoE") for robotics sets (as announced by the Company on 27 October 2016), new textbooks (as announced by the Company on 28 April 2016 and 18 May 2016), and reprinted textbooks (under the contracts with the MoE obtained by the Group in previous years).

The Group recorded a profit before tax ("PBT") of RM6.379 million for the current financial quarter, representing an increase of RM3.139 million (equivalent to 96.9%) compared to RM3.240 million recorded for the preceding financial year's corresponding quarter. The increase was due to the increased revenue as explained above, partly offset by higher costs incurred by the Group.

**B2. Variation of Results for the Current Financial Quarter ended 30 November 2016 against the Immediate Preceding Financial Quarter**

The Group recorded a revenue of RM31.211 million for the current financial quarter as compared to the immediate preceding financial quarter's revenue of RM15.388 million, an increase of RM15.823 million (equivalent to 102.8%). The increase in revenue was mainly due to the reasons explained above, coupled with the immediate preceding financial quarter (i.e. the fourth financial quarter of June to August 2016) being a weak quarter.

The Group's PBT increased by RM2.126 million (equivalent to 50.0%) from RM4.253 million for the immediate preceding financial quarter to RM6.379 million for the current financial quarter mainly due to the reasons explained above. The Group's PBT for the immediate preceding financial quarter of RM4.253 million arose mainly from the gain from the acquisition of the United Publishing Group of RM4.315 million.

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

Since becoming a listed company in July 2014, the Group has been building its capabilities and competencies through internal resources and external acquisitions. This, we believe, will put us in a good position to capitalise on any opportunities that may arise where demand for new products and services related to education and digital transformation picks up.

As the Malaysia economy is expected to continue to grow in 2017 and the Malaysia government continues to place significant emphasis on the education sector through the 2017 Budget, the Group will continue to pursue organic growth in FYE 31 August 2017. Among others, the Group will continue to develop and introduce new print and online/digital educational products and materials to the market (including print materials that are embedded with the Group's in-house developed technology), grow its direct sales/network marketing channel via Mindtech Education (with the momentum expected to pick up in FYE 31 August 2017), and participate in textbook tenders and explore opportunities for other tenders under the Ministry of Education Malaysia. With regard to STEM (i.e. Science, Technology, Engineering and Mathematics) education, the Group will continue to pursue growth via Sasbadi Learning Solutions Sdn Bhd and its subsidiaries.



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Besides organic growth, the Group will also continue to pursue inorganic growth via the acquisition of businesses 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.

**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 30.11.2016 RM'000	Preceding Year Quarter 30.11.2015 RM'000	Current Year-To-Date 30.11.2016 RM'000	Preceding Year-To-Date 30.11.2015 RM'000
Amortisation of intangible assets	547	331	547	331
Depreciation on property, plant and equipment	614	613	614	613
Depreciation on investment properties	13	-	13	-
Gain on disposal of property, plant and equipment	(187)	(5)	(187)	(5)
Impairment loss on trade receivables	558	-	558	-
Interest expense	407	282	407	282
Interest income	(51)	(9)	(51)	(9)
Provision for inventories write-down	-	208	-	208
Realised foreign exchange (gain)/loss	(13)	1	(13)	1
Provision for sales returns	643	196	643	196

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 30.11.2016 RM'000	Preceding Year Quarter 30.11.2015 RM'000	Current Year-To-Date 30.11.2016 RM'000	Preceding Year-To-Date 30.11.2015 RM'000
<b>Current tax expense</b>				
- Current period	2,340	1,026	2,340	1,026
- Prior period	(112)	-	(112)	-
	2,228	1,026	2,228	1,026
<b>Deferred tax expense</b>				
- Current period	(502)	(106)	(502)	(106)
- Prior period	(98)	-	(98)	-
	(600)	(106)	(600)	(106)
<b>Total income tax expense</b>	1,628	920	1,628	920

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.



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**B7. Status of Corporate Proposals and Utilisation of Proceeds**

**(i) Status of Corporate Proposals**

There are no corporate proposals announced but not completed as at the date of this report.

**(ii) Utilisation of proceeds**

On 20 January 2016, the Company completed a private placement exercise involving 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 ("Placement"), raising gross proceeds of RM31.623 million. The status of the utilisation of the Placement proceeds as at the date of this report is as follows:

	<b>Purpose</b>	<b>Proposed utilisation</b>	<b>Actual utilisation</b>	<b>Deviation</b>	<b>Balance</b>	<b>Estimated timeframe for utilisation</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
(i)	Part financing of future acquisition(s) of publishing/ education/ education-related business(es), or intellectual property rights	11,000 <sup>^</sup>	(6,000)	-	5,000	By 19 July 2017
(ii)	Part repayment of bank borrowings	12,400 <sup>^</sup>	(12,400)	-	-	By 31 October 2016 <sup>^</sup>
(iii)	Working capital	5,103	(5,236) <sup>*</sup>	133 <sup>*</sup>	-	By 19 July 2016
(iv)	Estimated expenses in relation to the proposals	520	(387) <sup>*</sup>	(133) <sup>*</sup>	-	By 19 April 2016 <sup>^^</sup>
(v)	Financing the proposed acquisition of properties as disclosed in Note A12 above	2,600 <sup>^</sup>	(2,600)	-	-	By 28 February 2017 <sup>^</sup>
	<b>Total gross proceeds</b>	<b>31,623</b>	<b>(26,623)</b>	<b>-</b>	<b>5,000</b>	

**Notes:**

<sup>^</sup> Revised as per the Company's announcement dated 9 September 2016.

<sup>^^</sup> Revised as per the Company's announcement dated 18 February 2016.

<sup>\*</sup> 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.



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**B8. Loans and Borrowings**

The Group's loans and borrowings as at 30 November 2016 were as follows:

	As at 30.11.2016 RM'000	As at 31.08.2016 RM'000
<b>Non-current</b>		
Finance lease liabilities	123	123
Term loans - secured	8,957	9,394
	<u>9,080</u>	<u>9,517</u>
<b>Current</b>		
Finance lease liabilities	105	125
Term loans - secured	877	995
Bank overdrafts - secured	13,712	8,592
Bankers' acceptances - secured	3,276	807
	<u>17,970</u>	<u>10,519</u>
	<u>27,050</u>	<u>20,036</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**

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

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 was approved by the shareholders of the Company at the Annual General Meeting held on 19 January 2017. The final dividend will be paid on 22 February 2017.



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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 30.11.2016 RM'000	Preceding Year Quarter 30.11.2015 RM'000	Current Year-To-Date 30.11.2016 RM'000	Preceding Year-To-Date 30.11.2015 RM'000
Net profit attributable to owners of the Company	4,337	2,032	4,337	2,032
Weighted average number of ordinary shares in issue ('000)	279,399	254,000 <sup>^</sup>	279,399	254,000 <sup>^</sup>
Basic earnings per ordinary share (sen)	1.55	0.80	1.55	0.80

**Note:**

<sup>^</sup> 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. The comparative figures have been restated to reflect the effects of the share split.

**(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 30.11.2016 RM'000	As at 31.08.2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	88,139	83,776
- Unrealised	(7,522)	(7,496)
Total retained earnings	80,617	76,280

**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  
24 January 2017