


SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.08.2021 RM'000	Preceding Year Quarter 31.08.2020 RM'000	Current Year-To-Date 31.08.2021 RM'000	Preceding Year-To-Date 31.08.2020 RM'000
Revenue	9,138	7,162	63,127	62,814
Cost of sales	(22,153)	(10,727)	(51,875)	(46,553)
Gross (loss)/profit	(13,015)	(3,565)	11,252	16,261
Other operating income	172	887	980	1,425
Distribution expenses	(1,337)	(1,582)	(6,134)	(7,536)
Administrative expenses	(2,499)	(2,317)	(12,764)	(12,562)
Other operating expenses	(829)	(615)	(2,289)	(4,660)
Results from operating activities	(17,508)	(7,192)	(8,955)	(7,072)
Finance income	5	-	10	47
Finance costs	(277)	(475)	(1,623)	(2,279)
Loss before tax	(17,780)	(7,667)	(10,568)	(9,304)
Taxation	4,118	1,463	1,218	352
Net loss for the financial period/year	(13,662)	(6,204)	(9,350)	(8,952)
Other comprehensive income/(loss) for the financial period/year, net of tax :				
Item that will not be reclassified subsequently to profit or loss				
Reversal of revaluation reserve	-	(310)	-	(310)
Item that is or may be reclassified subsequently to profit or loss				
Fair value of equity investments through other comprehensive income	4	(5)	(13)	(38)
Other comprehensive income/(loss) for the financial period/year, net of tax	4	(315)	(13)	(348)
Total comprehensive loss for the financial period/year	(13,658)	(6,519)	(9,363)	(9,300)
Net loss for the financial period/year attributable to:				
- Owners of the Company	(13,662)	(6,204)	(9,350)	(8,952)
- Non-controlling interests	-	-	-	-
	(13,662)	(6,204)	(9,350)	(8,952)
Total comprehensive loss for the financial period/year attributable to:				
- Owners of the Company	(13,658)	(6,519)	(9,363)	(9,300)
- Non-controlling interests	-	-	-	-
	(13,658)	(6,519)	(9,363)	(9,300)
Loss per share (sen) attributable to owners of the Company:				
- Basic	(3.22)	(1.48)	(2.22)	(2.14)
- Diluted	(3.22)	(1.48)	(2.22)	(2.14)

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)

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

	Unaudited As at 31.08.2021 RM'000	Audited As at 31.08.2020 RM'000
ASSETS		
Property, plant and equipment	38,324	44,967
Rights-of-use assets	1,068	2,025
Investment properties	2,373	2,426
Intangible assets	21,709	23,650
Other investments	214	227
Deferred tax assets	1,057	1,396
Total non-current assets	64,745	74,691
Inventories	58,396	69,386
Rights to recover returned goods	877	1,283
Contract costs	579	597
Trade and other receivables	39,070	40,356
Current tax assets	2,951	5,537
Prepayments	4,782	4,688
Cash and cash equivalents	8,184	6,230
Total current assets	114,839	128,077
Asset classified as held for sale	-	6,998
Total assets	179,584	209,766
EQUITY		
Share capital	109,073	108,210
Treasury shares	(1)	(1)
Reserves	28,716	37,833
Total equity	137,788	146,042
LIABILITIES		
Loans and borrowings	2,370	10,667
Lease liabilities	457	1,191
Deferred tax liabilities	5,522	7,332
Total non-current liabilities	8,349	19,190
Loans and borrowings	15,177	27,009
Lease liabilities	724	887
Refund liabilities	1,651	2,414
Trade and other payables	14,054	12,284
Contract liabilities	1,841	1,940
Total current liabilities	33,447	44,534
Total liabilities	41,796	63,724
Total equity and liabilities	179,584	209,766
Net assets per share attributable to owners of the Company (RM)	0.33	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.



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FOURTH QUARTER REPORT ENDED 31 AUGUST 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 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 loss for the financial period/year	-	-	-	-	(13)	-	(9,350)	(9,363)
Transfer to retained earnings	-	-	-	-	-	(3,818)	3,818	-
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	863	-	(254)	-	-	-	-	609
Total transactions with owners of the Company	863	-	(154)	-	-	-	400	1,109
At 31 August 2021	109,073	(1)	246	(50,500)	(57)	18,356	60,671	137,788
As at 1 September 2019	108,210	(1)	-	(50,500)	(6)	22,484	74,755	154,942
Total comprehensive loss for the financial period/year	-	-	-	-	(38)	(310)	(8,952)	(9,300)
Transaction with owners of the Company								
Share options vested under ESOS	-	-	400	-	-	-	-	400
At 31 August 2020	108,210	(1)	400	(50,500)	(44)	22,174	65,803	146,042

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 TWELVE (12) MONTHS ENDED 31 AUGUST 2021 ⁽¹⁾

	Current Year-To-Date 31.08.2021 RM'000	Preceding Year-To-Date 31.08.2020 RM'000
Cash flows from operating activities		
Loss before tax	(10,568)	(9,304)
Adjustments for:		
Amortisation of intangible assets	1,423	1,421
Depreciation of property, plant and equipment	1,681	2,057
Depreciation of investment properties	53	54
Depreciation of rights-of-use assets	836	706
Dividend income	(1)	(5)
Provision of inventories write-down	10,229	5,293
Write-off of property, plant and equipment	21	-
Impairment loss on property, plant and equipment	-	345
(Reversal)/Impairment loss on trade receivables	(913)	1,544
Gain on disposal of property, plant and equipment	(211)	(133)
Impairment of goodwill	534	-
Unrealised foreign exchange loss	1	-
Share options vested under ESOS	500	400
Finance costs	1,623	2,279
Finance income	(10)	(47)
Operating profit before changes in working capital	5,198	4,610
Changes in inventories	761	(1,233)
Changes in rights to recover returned goods	406	752
Changes in contract costs	18	(216)
Changes in trade and other receivables and prepayments	2,105	5,665
Changes in refund liabilities	(763)	(1,437)
Changes in trade and other payables	1,769	(5,200)
Changes in contract liabilities	(99)	701
Cash generated from operations	9,395	3,642
Tax paid	(2,473)	(4,258)
Tax refunded	4,806	886
Interest paid	(1,080)	(1,430)
Interest received	10	47
Net cash generated from/(used in) operating activities	10,658	(1,113)
Cash flows from investing activities		
Change in pledged deposits	1	(10)
Proceeds from disposal of property, plant and equipment	12,253	164
Dividend received from other investments	1	5
Acquisition of intangible assets	(16)	(15)
Acquisition of property, plant and equipment	(103)	(908)
Net cash generated from/(used in) investing activities	12,136	(764)

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 TWELVE (12) MONTHS ENDED 31 AUGUST 2021 ⁽¹⁾ (CONT'D)

	Current Year-To-Date 31.08.2021 RM'000	Preceding Year-To-Date 31.08.2020 RM'000
Cash flows from financing activities		
Net (repayment)/drawdown of bankers' acceptances	(2,913)	2,999
Net repayment of finance lease liabilities	(216)	(17)
Net repayment of term loans	(7,682)	(2,367)
Net repayment of lease liabilities	(865)	(758)
Proceeds from issuance of shares pursuant to ESOS	609	-
Interest paid	(454)	(849)
Net cash used in financing activities	(11,521)	(992)
Net increase/(decrease) in cash and cash equivalents	11,273	(2,869)
Cash and cash equivalents at beginning of the financial period	(12,495)	(9,626)
Cash and cash equivalents at end of the financial period	(1,222)	(12,495)

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

	Current Year-To-Date 31.08.2021 RM'000	Preceding Year-To-Date 31.08.2020 RM'000
Cash and bank balances	7,439	5,485
Deposit placed with a licensed bank	745	745
	8,184	6,230
Less : Deposits pledged	(630)	(631)
Bank overdrafts	(8,776)	(18,094)
	(1,222)	(12,495)

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. During the current financial quarter, the Group's operations were affected by the nationwide lockdown from June to early August 2021.

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 approved the extension of the ESOS expiring on 31 August 2021, for a further period of five (5) years 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, 5,075,000 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 August 2021

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter- segment elimination RM'000	Total RM'000
Revenue	7,507	1,290	666	(325)	9,138
Cost of sales	(21,732)	(251)	(179)	9	(22,153)
Gross (loss)/profit	(14,225)	1,039	487	(316)	(13,015)

Add/(Less):

Other operating income					172
Distribution expenses					(1,337)
Administrative expenses					(2,499)
Other operating expenses					(829)

Results from operating activities (17,508)

Current financial year-to-date ended 31 August 2021

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter- segment elimination RM'000	Total RM'000
Revenue	58,119	4,110	2,195	(1,297)	63,127
Cost of sales	(49,393)	(2,426)	(713)	657	(51,875)
Gross profit	8,726	1,684	1,482	(640)	11,252

Add/(Less):

Other operating income					980
Distribution expenses					(6,134)
Administrative expenses					(12,764)
Other operating expenses					(2,289)

Results from operating activities (8,955)

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 August 2020

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	7,373	23	443	(677)	7,162
Cost of sales	(11,089)	(16)	(234)	612	(10,727)
Gross (loss)/profit	(3,716)	7	209	(65)	(3,565)
Add/(Less):					
Other operating income					887
Distribution expenses					(1,582)
Administrative expenses					(2,317)
Other operating expenses					(615)
Results from operating activities					<u>(7,192)</u>

Preceding financial year's corresponding year-to-date ended 31 August 2020

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	58,774	3,190	2,729	(1,879)	62,814
Cost of sales	(43,501)	(3,428)	(1,218)	1,594	(46,553)
Gross profit/(loss)	15,273	(238)	1,511	(285)	16,261
Add/(Less):					
Other operating income					1,425
Distribution expenses					(7,536)
Administrative expenses					(12,562)
Other operating expenses					(4,660)
Results from operating activities					<u>(7,072)</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



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FOURTH QUARTER REPORT ENDED 31 AUGUST 2021

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 August 2021.

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

B1. Review of Performance

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

The Group recorded a revenue of RM9.138 million for the current financial quarter as compared to RM7.162 million for the preceding financial year's corresponding quarter. This represents an increase of RM1.976 million (equivalent to 27.59%) mainly contributed by our Digital & Network Marketing Division by RM1.267 million due to higher demand on our digital learning products i-Learn Ace.

The Group recorded a loss before tax ("LBT") of RM17.780 million for the current financial quarter vis-à-vis a LBT of RM7.667 million for the preceding financial year's corresponding quarter. This represents a higher loss of RM10.113 million due to the higher provision of inventories write down of RM10.229 million recognised during the current quarter as compared to RM1.521 million in the previous year corresponding quarter coupled by the higher staff cost due to lower salary cut in the current quarter.

The higher write down of inventories was mainly due to prudence stance taken by the management after taking into consideration the unforeseeable market condition as well as the effects from the prolonged lockdown since March 2020 arising from the COVID-19 pandemic. The sales through discounted channels which was mainly done through bookfairs have stopped completely and the shift in the mindset of parents to less exam orientated resulted in the lower demand for books.

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

The Group recorded a revenue of RM63.127 million for the current financial year-to-date as compared to RM62.814 million for the preceding financial year-to-date, representing a slight increase of RM0.313 million (equivalent to 0.50%).

The Group recorded a LBT of RM10.568 million for the current financial year-to-date vis-a-vis a LBT of RM9.304 million for the preceding financial year-to-date. The higher loss of RM1.264 million was mainly attributed to the higher provision of inventories write down of RM10.229 million recognised during the current financial year as compared to RM5.293 million in the preceding financial year. However, this was partly set-off by the reversal of impairment loss on trade receivables by RM0.913 million as compared to impairment charges of RM1.544 million in the preceding financial year and lower expenses incurred attributed to our various cost optimisation measures.

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

	Current Quarter 31.08.2021 RM'000	Preceding Quarter 31.05.2021 RM'000	Change RM'000
Revenue	9,138	15,318	(6,180)
(Loss)/Profit Before Tax	<u>(17,780)</u>	<u>1,400</u>	(19,180)

The Group recorded a revenue of RM9.138 million for the current financial quarter as compared to RM15.318 million for the immediate preceding financial quarter, representing a decrease of RM6.180 million (equivalent to 40.34%). The higher revenue in the immediate preceding financial quarter was 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. On the other hand, the operations of the Group during the current financial period were affected by the nationwide lockdown from June to early August 2021, which led to lower revenue.

Similarly, the Group recorded a LBT of RM17.780 million for the current financial quarter as compared to a PBT of RM1.400 million for the immediate preceding financial quarter due to lower revenue recorded and higher expenses incurred as mentioned 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 2022**

The unpredictability of COVID-19 cases and reimplementation of stricter Movement Control Order ("MCO"), particularly throughout the third and fourth financial quarters, had significantly disrupted the robust recovery made by the Group during the first six months of the current financial year. However, we remain cautiously optimistic of our prospects for FYE 31 August 2022, as the nation's economic activities resume, notably with schools set to reopen in stages from early October 2021 up to a full reopening in March 2022, upon our recovery from the COVID-19 pandemic over time.

However, with the plan by the Ministry of Education ("MoE") to delay the reopening of the new academic year to March 2022, our first financial quarter performance for FYE 31 August 2022, which is usually higher seasonally, may be impacted as book orders would be delayed to the subsequent quarters of FYE 31 August 2022. As part of this reopening plan, the MoE had also announced an evaluation period during the months of January and February 2022 to gauge the readiness of students who are advancing to the next academic year. We believe that this evaluation period would create additional demand for our educational solutions, notably our hybrid print publishing products that combine conventional print media and digital solutions, which have been well-received by teachers and students alike thus far in the 2021 academic year.

Over the course of the pandemic, the nation has seen the importance of incorporating digital elements into our education solutions, as teachers and students nationwide were forced to conduct teaching and learning remotely. As such, 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 their delivery of education by 2025, and within the Twelfth Malaysian Plan ("12MP") 2021-2025, with a key objective to improve the country's education system via the enhancement of digital education. With our extensive experience in developing the various digital education solutions for the Malaysian market, such as our flagship e-learning platform; i-LEARN ACE, our home-grown online tuition platform; Tutor2U and our various well received hybrid products, we are optimistic in capitalising on these initiatives by the government to accelerate the digitalisation of Malaysia's education system and sector.

We are also aiming to grow our market share in early English literacy development via the CEFR-aligned Peapod Readers by Collins. In tandem with the 10-year National Reading Decade 2021-2030 programme launched by the MoE, our Peapod Readers series comprising 200 titles targeting pre-schoolers and primary school year 1-3 students will be instrumental towards 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.

Our English competency assessment product, Linguaskill by Cambridge Assessment English, it has been well received by institutions of higher learning during the 2021 academic year. We are optimistic that it would garner more momentum in the 2022 academic year as Linguaskill becomes increasingly established and well-known in the Malaysian market. This is further supported by the official recognition of Linguaskill as an official English competency test for university admission and benchmarking English from the Ministry of Higher Learning ("MOHE"), Malaysian Qualifications Agency ("MQA"), and Education Malaysia Global Services ("EMGS").

Moving forward, we aim to expand our market share through our offerings of products that can meet diverse demands. We will continue to monitor our risk management strategies, including cost reduction measures and liquidity management, which would benefit the Group as we strengthen our economies of scale and financial position. All things considered, we are cautiously optimistic about the Group's prospects for FYE 31 August 2022 despite these challenging times.

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 31.08.2021 RM'000	Preceding Year Quarter 31.08.2020 RM'000	Current Year-To-Date 31.08.2021 RM'000	Preceding Year-To-Date 31.08.2020 RM'000
Amortisation of intangible assets	358	356	1,423	1,421
Bad debts recovered	-	(400)	-	(400)
Depreciation on property, plant and equipment	369	469	1,681	2,057
Depreciation on investment properties	13	13	53	54
Depreciation on rights-of-use assets	149	(13)	836	706
Dividend income	-	-	(1)	(5)
Gain on disposal of property, plant and equipment	(206)	(50)	(211)	(133)
Write-off of property, plant and equipment	21	-	21	-
Impairment loss on property, plant and equipment	-	(10)	-	345
Impairment of goodwill	534	-	534	-
Share options vested under ESOS	-	-	500	400
(Reversal)/Impairment loss on trade receivables	(323)	(84)	(913)	1,544
Provision of inventories write-down included in cost of sales	10,229	1,521	10,229	5,293
Finance costs	277	475	1,623	2,279
Finance income	(5)	-	(10)	(47)
Realised foreign exchange (gain)/loss	25	(1)	12	4
Unrealised foreign exchange (gain)/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.

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)
B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.08.2021 RM'000	Preceding Year Quarter 31.08.2020 RM'000	Current Year-To-Date 31.08.2021 RM'000	Preceding Year-To-Date 31.08.2020 RM'000
Current tax expense				
Current period	(2,247)	(688)	230	413
Prior period	-	23	23	50
	(2,247)	(665)	253	463
Deferred tax expense				
Current period	(1,871)	(798)	(1,471)	(815)
	(4,118)	(1,463)	(1,218)	(352)

The effective tax rate for the current financial quarter is lower than the statutory tax rate of 24% mainly due to lower taxable income.

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:

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 had, vide its letters dated 10 March 2021 and 13 September 2021, approved extensions of time of six (6) months until 17 March 2022 for the Company to complete the Proposed Private Placement.

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.

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)
B8. Loans and Borrowings

The Group's loans and borrowings as at 31 August 2021 were as follows:

	As at 31.08.2021 RM'000	As at 31.08.2020 RM'000
Non-current		
Finance lease liabilities	68	231
Term loans - secured	2,302	10,436
	<u>2,370</u>	<u>10,667</u>
Current		
Finance lease liabilities	92	145
Term loans - secured	4,299	3,847
Bank overdrafts - secured	8,776	18,094
Bankers' acceptances - secured	2,010	4,923
	<u>15,177</u>	<u>27,009</u>
	<u>17,547</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.

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 31.08.2021 RM'000	Preceding Year Quarter 31.08.2020 RM'000	Current Year-To-Date 31.08.2021 RM'000	Preceding Year-To-Date 31.08.2020 RM'000
Net loss attributable to owners of the Company	(13,662)	(6,204)	(9,350)	(8,952)
Weighted average number of ordinary shares in issue ('000)	424,174	419,099	420,678	419,099
Basic loss per ordinary share (sen)	(3.22)	(1.48)	(2.22)	(2.14)



SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

FOURTH QUARTER REPORT ENDED 31 AUGUST 2021

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

B11. Earnings Per Share ("EPS") (cont'd)

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 31.08.2021 RM'000	Preceding Year Quarter 31.08.2020 RM'000	Current Year-To-Date 31.08.2021 RM'000	Preceding Year-To-Date 31.08.2020 RM'000
Net loss attributable to owners of the Company	(13,662)	(6,204)	(9,350)	(8,952)
Weighted average number of ordinary shares in issue ('000)	424,174	419,099	420,678	419,099
Effect of dilution due to ESOS ('000)	2,237	-	1,886	-
Adjusted weighted average number of ordinary shares ('000)	426,411	419,099	422,564	419,099
Diluted loss per ordinary share (sen)	(3.22)	(1.48)	(2.22)	(2.14)

Diluted EPS of the Group for the individual and cumulative quarter 31 August 2020 and 2021 are equivalent to the basic EPS as the Group incurred losses for the current and preceding financial period.

B12. Derivative Financial Instruments

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

By order of the Board
Kuala Lumpur
29 October 2021