


SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

THIRD QUARTER REPORT ENDED 31 MAY 2022
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MAY 2022 ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.05.2022 RM'000	Preceding Year Quarter 31.05.2021 RM'000	Current Year-To-Date 31.05.2022 RM'000	Preceding Year-To-Date 31.05.2021 RM'000
Revenue	19,372	15,318	52,322	53,989
Cost of sales	(11,674)	(8,040)	(31,622)	(29,722)
Gross profit	7,698	7,278	20,700	24,267
Other operating income	119	5	603	808
Distribution expenses	(1,735)	(1,662)	(4,776)	(4,797)
Administrative expenses	(3,438)	(3,634)	(9,471)	(10,265)
Other operating expenses	(29)	(251)	(1,552)	(1,460)
Results from operating activities	2,615	1,736	5,504	8,553
Finance income	2	2	21	5
Finance costs	(256)	(338)	(850)	(1,346)
Profit before tax	2,361	1,400	4,675	7,212
Taxation	(331)	(848)	(1,582)	(2,900)
Net profit for the financial period	2,030	552	3,093	4,312
Other comprehensive 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)	(5)	(17)
Other comprehensive loss for the financial period, net of tax	-	(10)	(5)	(17)
Total comprehensive income for the financial period	2,030	542	3,088	4,295
Net profit for the financial period attributable to:				
- Owners of the Company	2,030	552	3,093	4,312
- Non-controlling interests	-	-	-	-
	2,030	552	3,093	4,312
Total comprehensive income for the financial period attributable to:				
- Owners of the Company	2,030	542	3,088	4,295
- Non-controlling interests	-	-	-	-
	2,030	542	3,088	4,295
Profit per share (sen) attributable to owners of the Company:				
- Basic	0.48	0.13	0.73	1.03
- Diluted	0.48	0.13	0.72	1.02

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 2021 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 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2022 ⁽¹⁾

	Unaudited As at 31.05.2022 RM'000	Audited As at 31.08.2021 RM'000
ASSETS		
Property, plant and equipment	37,315	38,324
Rights-of-use assets	720	1,068
Investment properties	2,334	2,373
Intangible assets	20,643	21,709
Other investments	37	215
Deferred tax assets	1,183	1,115
Total non-current assets	62,232	64,804
Inventories	64,959	58,530
Rights to recover returned goods	2,022	990
Contract costs	293	579
Trade and other receivables	34,509	39,311
Current tax assets	3,673	2,613
Prepayments	4,480	4,516
Cash and cash equivalents	10,860	8,184
Total current assets	120,796	114,723
Total assets	183,028	179,527
EQUITY		
Share capital	109,131	109,073
Treasury shares	(1)	(1)
Reserves	32,367	28,816
Total equity	141,497	137,888
LIABILITIES		
Loans and borrowings	1,470	2,215
Lease liabilities	423	674
Deferred tax liabilities	7,075	5,254
Total non-current liabilities	8,968	8,143
Loans and borrowings	12,726	15,276
Lease liabilities	385	561
Refund liabilities	3,869	1,876
Trade and other payables	14,614	13,942
Contract liabilities	969	1,841
Total current liabilities	32,563	33,496
Total liabilities	41,531	41,639
Total equity and liabilities	183,028	179,527
Net assets per share attributable to owners of the Company (RM)	0.33	0.33

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 2021 and the accompanying explanatory notes attached to these interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE (9) MONTHS ENDED 31 MAY 2022 ⁽¹⁾

	Non-distributable						Distributable	
	Share capital	Treasury shares	Share Options reserve	Merger deficit	Fair value reserve	Revaluation reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 September 2021	109,073	(1)	246	(50,500)	(56)	18,356	60,770	137,888
Total comprehensive income for the financial period	-	-	-	-	(5)	-	3,093	3,088
Transaction with owners of the Company								
Share options vested under ESOS	-	-	480	-	-	-	-	480
Ordinary shares issued pursuant to ESOS	58	-	(17)	-	-	-	-	41
Total transactions with owners of the Company	58	-	463	-	-	-	-	521
At 31 May 2022	109,131	(1)	709	(50,500)	(61)	18,356	63,863	141,497
As at 1 September 2020	108,210	(1)	400	(50,500)	(44)	22,174	65,803	146,042
Total comprehensive income for the financial period	-	-	-	-	(17)	-	4,312	4,295
Transaction with owners of the Company								
Ordinary shares issued pursuant to ESOS	633	-	(186)	-	-	-	-	447
Expiry of share options under ESOS	-	-	(400)	-	-	-	400	-
Share options vested under ESOS	-	-	500	-	-	-	-	500
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

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 2021 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 2022 ⁽¹⁾

	Current Year-To-Date 31.05.2022 RM'000	Preceding Year-To-Date 31.05.2021 RM'000
Cash flows from operating activities		
Profit before tax	4,675	7,212
Adjustments for:		
Amortisation of intangible assets	1,066	1,065
Depreciation of property, plant and equipment	1,081	1,312
Depreciation of investment properties	39	40
Depreciation of rights-of-use assets	374	687
Dividend income	(1)	(1)
Reversal of impairment loss on trade receivables	(565)	(590)
Gain on disposal of property, plant and equipment	(65)	(5)
Loss on disposal of other investments	1	-
Unrealised foreign exchange loss	-	1
Share options vested under ESOS	480	500
Finance costs	850	1,346
Finance income	(21)	(5)
Operating profit before changes in working capital	7,914	11,562
Changes in inventories	(6,429)	(2,132)
Changes in rights to recover returned goods	(1,032)	(892)
Changes in contract costs	286	84
Changes in trade and other receivables and prepayments	5,403	2,243
Changes in refund liabilities	1,993	1,796
Changes in trade and other payables	672	3,033
Changes in contract liabilities	(872)	(288)
Cash generated from operations	7,935	15,406
Tax paid	(908)	(1,395)
Tax refunded	19	310
Interest paid	(636)	(906)
Interest received	21	5
Net cash generated from operating activities	6,431	13,420
Cash flows from investing activities		
Change in pledged deposits	385	-
Proceeds from disposal of property, plant and equipment	65	7,006
Proceeds from disposal of other investments	172	-
Dividend received from other investments	1	1
Acquisition of property, plant and equipment	(72)	(54)
Net cash generated from investing activities	551	6,953

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 2021 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 2022 ⁽¹⁾ (CONT'D)

	Current Year-To-Date 31.05.2022 RM'000	Preceding Year-To-Date 31.05.2021 RM'000
Cash flows from financing activities		
Net drawdown/(repayment) of bankers' acceptances	3,074	(628)
Net repayment of finance lease liabilities	(32)	(202)
Net repayment of term loans	(3,821)	(7,812)
Net repayment of lease liabilities	(490)	(668)
Proceeds from issuance of shares pursuant to ESOS	41	447
Interest paid	(177)	(366)
Net cash used in financing activities	(1,405)	(9,229)
Net increase in cash and cash equivalents	5,577	11,144
Cash and cash equivalents at beginning of the financial period	(1,722)	(12,495)
Cash and cash equivalents at end of the financial period	3,855	(1,351)

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

	Current Year-To-Date 31.05.2022 RM'000	Preceding Year-To-Date 31.05.2021 RM'000
Cash and bank balances	10,115	9,267
Deposit placed with a licensed bank	745	744
	10,860	10,011
Less : Deposits pledged	(745)	(630)
Bank overdrafts	(6,260)	(10,732)
	3,855	(1,351)

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 2021 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 2021 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 2021.

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 2021, 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 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*

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.

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)
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 2021 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 deferment of the new academic year from January to March 2022 has affected the business operations of the Group where the book orders were also delayed from the first quarter to the second quarter of the financial year ending 31 August 2022, impacting our usual seasonality pattern.

Other than the 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”)

Option Price	Note	Balance as at 1.9.2021	Granted	Exercised	Balance exercisable as at 31.5.2022
RM0.12	i	4,925,000	-	(260,000)	4,665,000
RM0.10	ii	-	12,000,000	(150,000)	11,850,000

i) On 17 February 2021, the Company offered 10,000,000 options at an exercise price of RM0.12 each to its eligible employees. During the current financial quarter, no new ordinary shares were issued pursuant to the exercise of this ESOS.

ii) On 10 March 2022, the Company offered 12,000,000 options at an exercise price of RM0.10 each to its eligible employees. During the current financial quarter, 150,000 new ordinary shares were issued pursuant to the exercise of this ESOS.

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.

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)
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 2022

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter- segment elimination RM'000	Total RM'000
Revenue	18,630	1,050	239	(547)	19,372
Cost of sales	(11,295)	(791)	(135)	547	(11,674)
Gross profit	7,335	259	104	-	7,698
Add/(Less):					
Other operating income					119
Distribution expenses					(1,735)
Administrative expenses					(3,438)
Other operating expenses					(29)
Results from operating activities					<u>2,615</u>

Current financial year-to-date ended 31 May 2022

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter- segment elimination RM'000	Total RM'000
Revenue	49,597	3,086	715	(1,076)	52,322
Cost of sales	(30,018)	(2,268)	(335)	999	(31,622)
Gross profit	19,579	818	380	(77)	20,700
Add/(Less):					
Other operating income					603
Distribution expenses					(4,776)
Administrative expenses					(9,471)
Other operating expenses					(1,552)
Results from operating activities					<u>5,504</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

Preceding financial year's corresponding 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	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

Preceding financial year's corresponding 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

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 2021.

Contingent Assets

The Group does not have any material contingent assets as at 31 May 2022.

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

B1. Review of Performance

Current Quarter ended 31 May 2022 against Preceding Financial Year's Corresponding Quarter ended 31 May 2021

The Group recorded a revenue of RM19.372 million for the current financial quarter as compared to RM15.318 million for the preceding financial year's corresponding quarter. This represents an increase of RM4.054 million (equivalent to 26.47%), mainly contributed by our Print Publishing Division.

The increase in the contribution from the Print Publishing Division was due to the deferment of the school new academic year to March 2022 as mentioned in Note A4, resulting in higher demand during the current financial quarter.

The Group recorded a profit before tax ("PBT") of RM2.361 million for the current financial quarter vis-à-vis a PBT of RM1.400 million for the preceding financial year's corresponding quarter. This represents an increase of RM0.961 million (equivalent to 68.64%) mainly due to the higher revenue achieved, which was partially offset by the increase in manufacturing cost, ESOS expenses, reinstatement of staff pay cut implemented during the MCO, coupled with the discontinuation of the government wages subsidy.

Current Financial Year-to-Date ended 31 May 2022 against Preceding Financial Year's Corresponding Year-to-Date ended 31 May 2021

The Group recorded a revenue of RM52.322 million for the current financial year-to-date as compared to RM53.989 million for the preceding financial year's corresponding year-to-date. This represents a slight decrease of RM1.667 million (equivalent to 3.09%), mainly due to our Print Publishing Division and ALP & STEM Education Division, which shown a decrease of RM1.015 million and RM0.814 million respectively.

The lower contribution from both of these divisions was mainly due to the continuous closure of schools and robotics training centres arising from the COVID-19 pandemic up to October 2021.

The Group recorded a PBT of RM4.675 million for the current financial year-to-date vis-à-vis a PBT of RM7.212 million for the preceding financial year's corresponding year-to-date. This represents a decrease of RM2.537 million (equivalent to 35.18%) mainly due to the reasons mentioned above.

B2. Variation of Results for the Current Financial Quarter ended 31 May 2022 against the Immediate Preceding Financial Quarter

	Current Quarter 31.05.2022 RM'000	Preceding Quarter 28.02.2022 RM'000	Change RM'000
Revenue	19,372	23,537	(4,165)
Profit Before Tax	<u>2,361</u>	<u>4,923</u>	<u>(2,562)</u>

The Group recorded a revenue of RM19.372 million for the current financial quarter as compared to RM23.537 million for the immediate preceding financial quarter, representing a decrease of RM4.165 million (equivalent to 17.70%). The higher revenue in the immediate preceding financial quarter was attributed to the higher sales of our academic books in anticipation of the start of the new academic school year in March 2022.

Similarly, the Group recorded a PBT of RM2.361 million for the current financial quarter as compared to a PBT of RM4.923 million for the immediate preceding financial quarter mainly due to lower revenue achieved.



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THIRD QUARTER REPORT ENDED 31 MAY 2022

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

Our Group's third financial quarter of FYE 31 August 2022 had performed in line with our anticipated growth prospects. Year-on-year, the Group recorded an increase of 26.47% and 267.75% in our quarterly revenue and net profit respectively, however this does not serve as a direct comparison due to the difference in the commencement of the new academic year for 2022 (21 March 2022) and 2021 (20 January 2021) which affected our usual seasonality patterns.

Demand for our educational products during the third quarter have been robust, as previously anticipated, primarily due to the commencement of the 2022 academic year in full force. Our suite of academic publications, notably workbooks targeting both Primary and Secondary School students and our flagship 2022 SPM and STPM guidebooks, aided by the hybrid elements (combining conventional print media with digital solutions) and the quality trusted by 2 generations, have continued to be well-received by teachers and students.

Our Group is proud to note that even after 37 years of operation, students, teachers, and parents continue to place their trust and confidence in Sasbadi products. As illustrated during the Kuala Lumpur International Book Fair (KLIBF) from 3 – 12 June 2022, our booths had received good reception during the entirety of the fair which serves as a testament towards the competitiveness and effectiveness of our product offerings. In addition, we believe the positive reception was further supported by our increased market share in the Malaysian education landscape as several of our competitors have downscaled/exited the market in recent times.

When comparing the performance of the current financial year-to-date against the preceding year's corresponding year-to-date, the Group recorded a decrease of 3.09% and 28.27% in revenue and net profit respectively. Despite the decrease, our Group anticipates a better performing fourth quarter for FYE 31 August 2022 as compared to the preceding year's corresponding quarter due to sustained demand for our educational products, primarily our workbooks and guidebooks, as we are only midway through the 2022 academic year (versus the tail end of the 2021 academic year during the fourth quarter of FYE 31 August 2021). Furthermore, our Group will continue to capitalise on market consolidation and positive consumer sentiment towards the Sasbadi brand to increase our market share for the remainder of FYE 31 August 2022.

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, notwithstanding unforeseen circumstances, our Group remains cautiously optimistic of our prospects for FYE 31 August 2022.

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 31.05.2022 RM'000	Preceding Year Quarter 31.05.2021 RM'000	Current Year-To-Date 31.05.2022 RM'000	Preceding Year-To-Date 31.05.2021 RM'000
Amortisation of intangible assets	356	356	1,066	1,065
Depreciation on property, plant and equipment	346	408	1,081	1,312
Depreciation on investment properties	13	14	39	40
Depreciation on rights-of-use assets	93	223	374	687
Dividend income	-	-	(1)	(1)
Gain on disposal of property, plant and equipment	(24)	(5)	(65)	(5)
Loss on disposal of other investments	-	-	1	-
Share options vested under ESOS	480	-	480	500
Reversal of impairment loss on trade receivables	(625)	(423)	(565)	(590)
Finance costs	256	338	850	1,346
Finance income	(2)	(2)	(21)	(5)
Realised foreign exchange loss	1	(18)	2	(13)
Unrealised foreign exchange loss	-	-	-	1

Save as disclosed above, the other items as required under paragraph 16 of Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.05.2022 RM'000	Preceding Year Quarter 31.05.2021 RM'000	Current Year-To-Date 31.05.2022 RM'000	Preceding Year-To-Date 31.05.2021 RM'000
Current tax expense				
Current period	(61)	720	44	2,477
Prior period	(215)	23	(215)	23
	(276)	743	(171)	2,500
Deferred tax expense				
Current period	607	105	1,753	400
	331	848	1,582	2,900

The effective tax rate for the current financial quarter is lower than the statutory tax rate of 24% mainly due to over provision of tax for the prior year and utilisation of unrecognised tax losses previously to set-off against the profit in the current financial quarter. The effective tax rate for the current financial year-to-date is higher than the statutory tax rate mainly due to certain expenses of the Group 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:

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 ("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 certain conditions. Bursa Securities had, vide its letters dated 10 March 2021 and 13 September 2021, approved the extension of time of six (6) months, which have lapsed on 17 March 2022, for the Company to complete the Proposed Private Placement. After taking into consideration, amongst others, the prevailing market conditions, the Company has decided not to proceed with the Proposed Private Placement as announced on 17 March 2022.

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 2022 were as follows:

	As at 31.05.2022 RM'000	As at 31.08.2021 RM'000
Non-current		
Finance lease liabilities	48	66
Term loans - secured	1,422	2,149
	<u>1,470</u>	<u>2,215</u>
Current		
Finance lease liabilities	26	40
Term loans - secured	1,357	4,451
Bank overdrafts - secured	6,260	8,776
Bankers' acceptances - secured	5,083	2,009
	<u>12,726</u>	<u>15,276</u>
	<u>14,196</u>	<u>17,491</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.

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)
B11. Earnings Per Share ("EPS")

i) Basic Earnings Per Share

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

Basic EPS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.05.2022 RM'000	Preceding Year Quarter 31.05.2021 RM'000	Current Year-To-Date 31.05.2022 RM'000	Preceding Year-To-Date 31.05.2021 RM'000
Net profit attributable to owners of the Company	2,030	552	3,093	4,312
Weighted average number of ordinary shares in issue ('000)	424,485	420,341	424,424	419,513
Basic earnings per ordinary share (sen)	0.48	0.13	0.73	1.03

ii) Diluted Earnings Per Share

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

Diluted EPS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.05.2022 RM'000	Preceding Year Quarter 31.05.2021 RM'000	Current Year-To-Date 31.05.2022 RM'000	Preceding Year-To-Date 31.05.2021 RM'000
Net profit attributable to owners of the Company	2,030	552	3,093	4,312
Weighted average number of ordinary shares in issue ('000)	424,485	420,341	424,424	419,513
Effect of dilution due to ESOS ('000)	2,606	2,002	3,177	1,897
Adjusted weighted average number of ordinary shares ('000)	427,091	422,343	427,601	421,410
Diluted earnings per ordinary share (sen)	0.48	0.13	0.72	1.02

B12. Derivative Financial Instruments

The Group did not enter into any derivative financial instruments which were outstanding as at 31 May 2022.

By order of the Board
Kuala Lumpur
26 July 2022