SASBADI

ANNUAL REPORT 2014

SASBADI HOLDINGS BERHAD (Company No. 1022660-T)

SASBADI HOLDINGS BERHAD

SASBADI

SASBADI ONLINE

SASBADI LEARNING

orbit buku

MBP PUBLICATIONS

MALAYSIAN BOOK PROMOTIONS

MAYA PRESS

Printed in Malaysia by:
Vivar Printing Sdn. Bhd. (125107-D)
Lot 25, Rawang Integrated Industrial Park
Mukim Rawang, Jalan Batu Arang
48000 Rawang, Selangor Darul Ehsan

Contents

Corporate Information

BOARD OF DIRECTORS

Dato' Salleh Bin Mohd Husein
Independent Non-Executive Chairman

Law King Hui
Group Managing Director

Lee Swee Hang
Executive Director

Law En Ruey
Executive Director

Lee Eng Sang
Non-Independent Non-Executive Director

Dato' Noor Rezan Binti Bapoo Hashim
Senior Independent Non-Executive Director

Lim Hun Soon @ David Lim
Independent Non-Executive Director

AUDIT COMMITTEE

Lim Hun Soon @ David Lim *(Chairman)*
Dato' Salleh Bin Mohd Husein
Dato' Noor Rezan Binti Bapoo Hashim

NOMINATION COMMITTEE

Dato' Noor Rezan Binti Bapoo Hashim *(Chairman)*
Dato' Salleh Bin Mohd Husein
Lim Hun Soon @ David Lim

REMUNERATION COMMITTEE

Lim Hun Soon @ David Lim *(Chairman)*
Dato' Salleh Bin Mohd Husein
Law King Hui

COMPANY SECRETARIES

Yeoh Chong Keat *(MIA 2736)*
Rebecca Leong Siew Kwan *(MAICSA 7045547)*

REGISTERED OFFICE

Suite 11.1A, Level 11
Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: (603) 2031 1988
Fax: (603) 2031 9788

HEAD OFFICE

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Taman Sains Selangor 1
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 6145 1188
Fax: (603) 6145 1199
Website: www.sasbadiholdings.com

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd *(378993-D)*
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7841 8000
Fax: (603) 7841 8151

AUDITORS

KPMG *(AF 0758)*
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7721 3388
Fax: (603) 7721 3399

PRINCIPAL BANKERS

Malayan Banking Berhad *(3813-K)*
Alliance Bank Malaysia Berhad *(88103-W)*

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector: Consumer Products
Stock Name: SASBADI
Stock Code: 5252

About Us

We have published millions of books and educational aids for the school-going children of Malaysia since our establishment in 1985. From elite smart schools in the cities to simple schools in the "kampung", we have been an essential guide for students and teachers on their journey towards knowledge.

We are principally a publisher of educational materials, undertaking print publishing focusing on primary and secondary school education. While most of our educational materials are based on the Malaysian National School Curriculum, we also publish other non-curriculum based educational materials and general titles.

We also develop online resources and solutions for Malaysian schools. Our digital resources aim to help students in self-directed learning. Moreover, we have many innovative products for teachers which facilitate teaching and learning in a future classroom. Our business is also complemented by the distribution of applied learning products designed to provide hands-on learning experience to students, making learning fun and dynamic.

About Us

Our Aspiration

"Nurturing students for TOMORROW, TODAY"

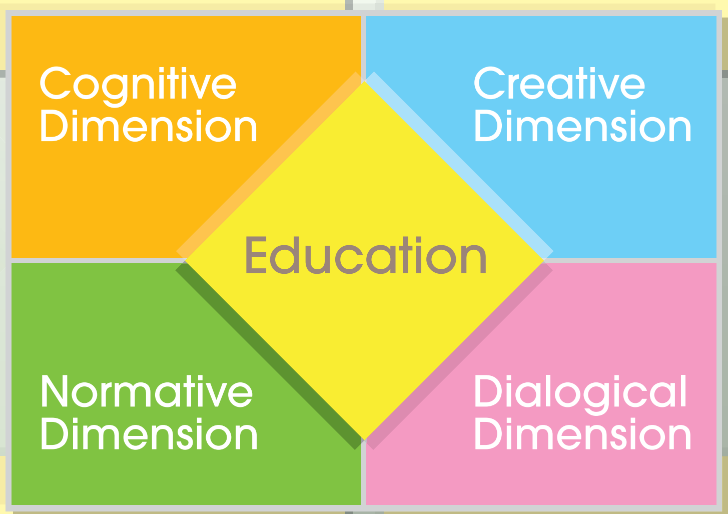
It has been 30 years since we first ventured into the education industry, but our key aspiration has never wavered from the beginning. We have always strived to equip students with essential skills necessary for their future endeavours; moulding their potential for tomorrow's roles that are yet clear today.

In order to equip students with 21st century skills, a holistic approach to education is key. At Sasbadi, our work in education development is consistently in line with providing products and services for an all-rounded education.

A holistic approach to education encompasses **4 dimensions**.

Cognitive Dimension
Cognition comes from a scientific term referring to "the process of thought". It involves the processing of information, applying knowledge, and changing of preferences.

Creative Dimension
Creativity is widely acknowledged as a critical area of development when it comes to education. It is crucial in moulding the ability to solve problems, generate ideas and to innovate.



Normative Dimension
This refers to the learning of societal norms, which are the universally accepted norms of society. Normative education helps a person to develop personal integrity, moral values and principles which are important for harmonious living in a society.

Dialogical Dimension
A dialogue is often present during the process of education, most commonly between a teacher and learner. When made constructively, dialogue deepens knowledge and strengthens reasoning skills.

Content

We pride ourselves for not merely being a publisher, but rather a content creator. Our passion is to produce education contents of the best quality and cultivate a learned society in Malaysia.

For 30 years now, we have been developing school learning materials, with primary and secondary levels being our focus. It is our pride and joy to be one of the most trusted brands for Malaysian students and teachers, not forgetting parents too.

Our team of people is continually working to support students with quality content in their pursuit for excellence. Our contents are published in printed form under the imprints of our subsidiaries, i.e. Sasbadi Sdn Bhd, MBP Publications Sdn Bhd and Malaysian Book Promotions Sdn Bhd.

About Us

Online Learning

Technology is evolving fast and gaining universal recognition for its role in the 21st century education. Sasbadi Online Sdn Bhd prides itself for being at the forefront of this significant cultural shift in learning. Backed by the knowledge and intellectual property developed throughout the course of 30 years, it is our subsidiary dedicated to the digitalization of education.

With a talented team of programmers, designers and engineers, we create highly interactive products to facilitate learning.

By injecting elements of interaction and engagement, we are able to leverage on the digital platform to make learning fun and effective for children.

Life-Long Learning

There is a common saying that strikes a chord in our hearts:

"Never stop learning, because life never stops teaching."

We are committed to provide quality reading materials for all age groups. Orbit Buku Sdn Bhd is our subsidiary specialising in supplementary materials for children. These include educational comics, illustrated storybooks and reference books both in Bahasa Malaysia and English. We also translate and publish internationally renowned titles such as "Discovery Education", "Animal Planet" and the global best-selling series "WHY?".

Not forgetting general titles for adults, Maya Press Sdn Bhd publishes a variety of materials ranging from fictional stories to non-fictional biographies, many of which are written by local talents.

About Us

Applied Learning

"Tell me and I'll forget,
Show me and I'll remember,
Involve me and I'll understand."

This popular quote successfully explains how first-hand involvement can be significantly effective in education. Sasbadi Learning Solutions Sdn Bhd is our subsidiary for developing and distributing tools to facilitate hands-on learning.

Since 2005, we have been providing Malaysian students the platform for applied learning via the robotics competition. One of the most prestigious events is the World Robot Olympiad (WRO), which we co-organized with the Malaysian government in 2012. We are honored to be part of the success in robotics education, where Malaysia emerged as world champion 4 times in the last 6 years.

Hands-on learning is key for moulding higher order thinking skills and creativity, nurturing students for tomorrow, today.

We are the exclusive partner for LEGO Education in the territory of Malaysia and Brunei. We are also partners for PITSCO Education and National Instruments school products.

Corporate Structure

As as 5 January 2015

SASBADI HOLDINGS BERHAD
(1022660-T)

- 100% **Sasbadi Sdn Bhd**
- 100% **Maya Press Sdn Bhd**
- 100% **Orbit Buku Sdn Bhd**
- 100% **Sasbadi Online Sdn Bhd**
- 100% **Malaysian Book Promotions Sdn Bhd**
- 100% **MBP Publications Sdn Bhd**
- 100% **Sasbadi Learning Solutions Sdn Bhd**

Corporate Milestones

2012

- Co-organised the World Robot Olympiad 2012 with the Government of Malaysia in Kuala Lumpur
- Incorporation of Sasbadi Holdings Berhad ("Sasbadi Holdings")

WRO™ World Robot Olympiad
Kuala Lumpur 2012

2013

- Signed an MoU with Yayasan Guru Malaysia Berhad for 20,000 UPSR and SPM candidates for 2013 in Perak under i-TR1M (Interaktif Tuisyen Rakyat 1Malaysia)
- Sasbadi acquired the rights for National School Curriculum based IP from Pearson Malaysia

i-tr1m Interaktif-Tuisyen Rakyat 1Malaysia

PEARSON MALAYSIA

2011

i-LEARN

SASBADI ONLINE

NATIONAL INSTRUMENTS

NATIONAL INSTRUMENTS LabVIEW™

- Incorporation of Sasbadi Online Sdn Bhd ("Sasbadi Online") and launched the first online teaching product, Penjana Pentaksiran Instan
- Appointed as the distributor of National Instruments for a range of applied learning products for schools in Malaysia

2010

ANIMAL PLANET

Why?

Discovery EDUCATION™

orbit buku

MALAYSIAN BOOK PROMOTIONS

- Incorporation of Orbit Buku Sdn Bhd ("Orbit Buku")
- Acquired Malaysian Book Promotions Sdn Bhd ("Malaysian Book Promotions")

1985

SASBADI

- Incorporation of Sasbadi Sdn Bhd ("Sasbadi") and commencement of operations

1987

- Publication of our first textbook – 'Bahasa Malaysia KBSM Tingkatan 1'

1997

- Publication of our first Malay translated publications – 'Make It Work!' and 'Eyewitness Science'.

Corporate Milestones

2014

- Sasbadi Online was appointed as the National Science Challenge ("NSC") preliminary level online system developer and smart partner for 2014 NSC
- Incorporation of MBP Publications Sdn Bhd and Sasbadi Learning Solutions Sdn Bhd

- **Debuted on the Main Market of Bursa Securities as a Public Listed Company**
- Granting of licence to PT Penerbit Erlangga to use our i-Learn Online Learning System
- Acquired IP for teacher education segment from Penerbitan Multimedia Sdn Bhd

2009

- Organised our first book fair, 'Bazar Baca'. A total of 112 book fairs organised in Malaysia in that year
- Secured exclusive distributorship of Pitsco products to early childhood institutions and schools in Malaysia

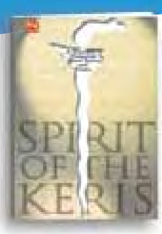
2005

- Launched 'Total eDictionary', our first generation electronic dictionary
- Secured the rights as sole distributor and exclusive partner of LEGO Education products for Brunei and Malaysia
- Organised our first Malaysia Robot Olympiad (now known as National Robotics Competition)

2004

- Moved into our purpose-built head office in Kota Damansara, Selangor Darul Ehsan

2003



- Publication of our first general title, 'Spirit of the Keris', under the imprint of Maya Press

2002

- Incorporation of Maya Press Sdn Bhd ("Maya Press") as an imprint for general titles for Sasbadi

Board of Directors

Law En Ruey
Executive Director

Lee Swee Hang
Executive Director

Law King Hui
Group Managing Director

Board of Directors

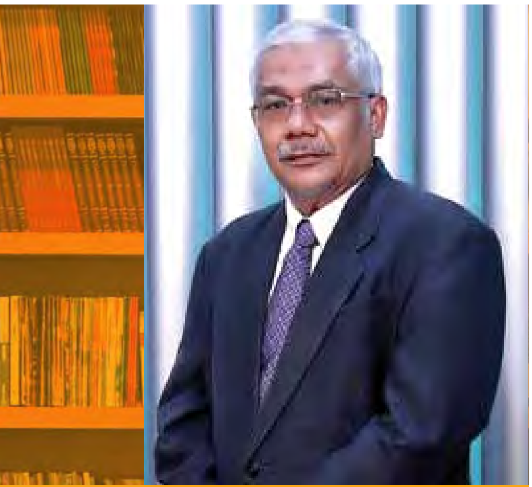
Lee Eng Sang
Non-Independent Non-Executive Director

Lim Hun Soon @ David Lim
Independent Non-Executive Director

Dato' Salleh Bin Mohd Husein
Independent Non-Executive Chairman

Dato' Noor Rezan Binti Bapoo Hashim
Senior Independent Non-Executive Director

Directors' Profile



Dato' Salleh Bin Mohd Husein
Malaysian, aged 64
Independent Non-Executive Chairman

Dato' Salleh Bin Mohd Husein is the Independent Non-Executive Chairman of the Company and was appointed to the Board on 7 May 2013. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He graduated with a Bachelor of Arts with 1st Class Honours from the University of Malaya in 1974. He also holds a Certificate in Education from Maktab Perguruan Sultan Idris, Tanjung Malim, obtained in 1970.

He joined the teaching profession as a teacher at Sekolah Kebangsaan Kayan, Setiawan, Perak in 1971. From 1974 to 1992, he served as Acting Principal and Principal at various schools in Perak. Having served in Perak schools, he was promoted to the Perak State Education Department as Principal Assistant Director in charge of administration and state education financing from 1992 to 1993. He was then made Principal of Sekolah Menengah Sains Tengku Abdullah, Raub, Pahang in 1993 before serving at King Edward VII School of Taiping in 1994, also as Principal. His next service saw him being made District Education Officer at the Manjong District Education Office from 1996 to 1997 where he was tasked to implement education programmes. Thereafter, he was promoted as Sector Head in charge of administration and school leadership at the Perak State Education Department where he served from 1997 to 2001.

Having served well in Perak, he was appointed Principal Assistant Director in charge of curriculum development at the Centre for Curriculum Development, Ministry of Education in 2001. Then, he became Principal at Language Institute, Lembah Pantai, Kuala Lumpur from 2001 to 2002. In 2002, he was promoted to become Deputy Director of Schools Division, Ministry of Education to assist the Director in policy matters and implementation. In 2003, he succeeded his predecessor as Director in this same division at the Ministry of Education and served there until 2006. In 2006, he was promoted to be the Deputy Director General of Education Malaysia in charge of policy matters and implementation at Putrajaya, a position he held until his retirement from the civil service in 2007.

From 2008 to 2011, he served as a member of the Malaysian Education Service Commission, Prime Minister's Department to promote quality education whereby the said Commission looks into matters relating to recruitment, appointment and discipline of personnel. During those years, he was a member of the Advisory Panel for Excellent School Cluster until 2012.

He does not hold directorship in any other public companies. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company.

Directors' Profile

Law King Hui
Malaysian, aged 56
Group Managing Director

Law King Hui is the Managing Director of the Group and was appointed to the Board on 7 May 2013. He is a member of the Remuneration Committee. As one of the co-founders, he has been instrumental in the development, growth and success of the Group.

He graduated from Tunku Abdul Rahman College with a Certificate in Electronics Engineering in 1980. He started his career in 1980 as a Test Technician with National Semi Conductors Sdn Bhd and left to join Pustaka Delta Pelajaran Sdn Bhd in January 1981 where he held a diverse range of positions during his employment including Sales Representative, Administration Coordinator, Management Executive and Regional Manager. He left the company in April 1985 and co-founded Sasbadi Sdn Bhd.

Besides being responsible for the development of the Group's strategies and policies, he has also played an active role in product development and innovation. His contributions have led to the transformation of the Group from a pure educational print publisher to a Group with diverse learning and teaching platforms including online learning materials and teaching products, as well as applied learning products namely robotic products and devices, all of which complement the print publishing business.

An entrepreneur with more than 30 years of publishing experience, he has contributed towards the development of the Malaysian book industry by serving in the Majlis Buku Kebangsaan Malaysia ("MBKM"), Malaysian Book Industry Council ("MBIC"), Malaysian Book Publishers Association ("MABOPA"), and ASEAN Book Publishers Association ("ABPA") over a span of more than 25 years. He has participated in numerous forums, round-tables, seminars, conferences, and lectures where he introduced new concepts and strategies aimed at promoting a reading culture and expanding Malaysia's book industry. His contributions led to his selection as one of the 21 personalities documented in the publication, "Tokoh-tokoh Perbukuan Malaysia" by the National Library Malaysia (Md. Sidin Ahmad Ishak. 2011. ISBN 978-967-931-219-5. p95 - p105). This book was published to recognise book activists and professionals in the country who have made significant contributions towards the development of the book industry and reading culture. He was the recipient of "Anugerah Perdana (Tokoh Industri Buku Negara) 2013" awarded by Yayasan Pembangunan Buku Negara.

He is involved in the development and growth of the publishing industry in Malaysia and has held several key positions in different independent and governmental organisations, including:

(i) Being appointed by the Minister of Education as a council member of MBKM, and has served as Treasurer, 2007 - present;
(ii) Having held the position of President of ABPA for the term of 2009 - 2011. ABPA members comprise Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam;
(iii) Having held the position of Chairman of MBIC for the term of 2007 - 2009 and the position of Treasurer for the term of 2009 - 2011;
(iv) Having held the position of President of MABOPA for the term of 2006 - 2011, Vice President for the term of 1999 - 2002, Honorary Secretary for the term of 1993 - 1994, and Executive Council Member for the terms of 1989 - 1992 and 1995 - 1998;
(v) Being appointed to chair the 2007 and 2008 Kuala Lumpur International Book Fair Working Committee and later served as the event's Treasurer in 2009;
(vi) Spearheaded the establishment of the Kuala Lumpur Trade and Copyright Centre ("KLTCC") in 2009 and served as the Organising Committee Chairman in 2010. KLTCC is a trading place for publishers to trade copyrights in the ASEAN region; and
(vii) Being Treasurer, Malaysian Chinese Language Council, 2011 - present.

He does not hold directorship in any other public companies. Save for the family relationship with Law En Ruey, who is his son, he has no family relationship with any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company.

Directors' Profile

Lee Swee Hang
Malaysian, aged 62
Executive Director

Lee Swee Hang is the Publishing Director of the Group and was appointed to the Board on 7 May 2013. He is one of the co-founders of the Group.

He obtained his Higher School Certificate ("HSC") in 1974. He started his career in 1975 as Senior Malay Language Editor with Preston Corporation Sdn Bhd where he was tasked to translate, proofread, edit and prepare manuscripts for Bahasa Malaysia publications. He left the company in 1978 and subsequently joined Pustaka Delta Pelajaran Sdn Bhd in 1979 as Chief Editor. During his six (6) years with the company, he developed, trained and managed an editorial team and a panel of writers. He left the company in 1985 to co-found Sasbadi Sdn Bhd.

As the Publishing Director, he is responsible for the editorial and production teams. He is also responsible for soliciting new authors and establishing a network of authors for the Group. He has helped the Group to build and manage a team of dedicated writers, editors, book designers and illustrators and is responsible in training and improving the skills and knowledge of the editorial and production teams, especially with respect to educational policy changes, industry practices and production procedures of the publishing industry.

He also determines the types of books that the Group publishes each year and ensures that the publications meet datelines and reflect the agreed editorial standards and commercial strategy. He actively keeps abreast with the latest development and information of the publishing industry around the world and is tasked to oversee the trading of copyrights with overseas buyers and sellers.

He does not hold directorship in any other public companies. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company.

Directors' Profile

Law En Ruey
Malaysian, aged 30
Executive Director

Law En Ruey is the Chief Operating Officer of the Group and was appointed to the Board on 7 May 2013. He obtained his Bachelor of Science in Mathematics and Physics with 1st Class Honours in 2007 and Masters of Science in Management with 1st Class Honours in 2008, both from the University of Bath, England.

He started his career in 2008 as a Management Trainee with AmBank (M) Berhad. He was promoted to Credit Analyst Manager in the Business Credit Risk Evaluation Unit in 2009 where he was tasked to execute credit risk analysis on business portfolios which included conducting financial analyses, research, site visits and interviews. He left the company in 2010 and joined Sasbadi Sdn Bhd as a Senior Manager where he was responsible to assist the Managing Director in the management of projects, operations and information technology of the Group.

In 2011, he was promoted to General Manager of the Group. He helped to restructure operations, implement new working systems and motivate staff in order to improve the Group's efficiency and value generation in line with the Group's expansion. He also developed the in-house resource planning system and supervises the information technology infrastructure of the Group. He was the Project Manager for the World Robot Olympiad 2012 where he was responsible for the planning, communication and overall operation of the event.

In 2013, he was promoted to Chief Operating Officer of the Group, and is responsible for overseeing the smooth operation and business development of the Group.

He does not hold directorship in any other public companies. Save for the family relationship with Law King Hui, who is his father, he has no family relationship with any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company.

Directors' Profile

Lee Eng Sang
Malaysian, aged 64
Non-Independent Non-Executive Director

Lee Eng Sang is the Non-Independent Non-Executive Director of the Company. He was appointed to the Board as Executive Director on 7 May 2013 and re-designated to Non-Executive Director on 1 November 2014. He is one of the co-founders of the Group.

He obtained his Malaysian Certificate of Education ("MCE") in 1969. He served as a school teacher from 1970 to 1977. In 1978, he joined Pustaka Sistem Pelajaran Sdn Bhd as a salesman. He left the company in 1979 and subsequently joined Pustaka Delta Pelajaran Sdn Bhd in 1980 as a Sales Representative. He was promoted to Regional Manager in 1983 where he was tasked to manage a sales team and was in charge of sales for the Northern region of Peninsular Malaysia. He left the company in 1985 to co-found Sasbadi Sdn Bhd.

As one of the co-founders, he had established a formidable marketing and sales force that has led the Group to grow to the size it is today. He had introduced personal training and development programmes to help build and improve the skills, productivity and morale of new and existing sales team members. The sales teams are able to build rapport and lasting relationships with the customers in tandem with the Group's growth.

Under his leadership, the Group's sales teams had penetrated markets in the whole of Malaysia, including schools and customers in suburban and rural areas. He had also trained the Group's marketing personnel to gather up-to-date market information so that the Group is able to better understand the customers' needs.

He does not hold directorship in any other public companies. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company.

Directors' Profile

Dato' Noor Rezan Binti Bapoo Hashim
Malaysian, aged 62
Senior Independent Non-Executive Director

Dato' Noor Rezan Binti Bapoo Hashim is the Senior Independent Non-Executive Director of the Company. She was appointed to the Board as Independent Non-Executive Director on 7 May 2013 and as Senior Independent Non-Executive Director on 22 August 2014. She is the Chairman of the Nomination Committee and a member of the Audit Committee.

She graduated with a Bachelor of Arts with Honours from the University of Malaya in 1974 and Master of Arts (TESL) (Teaching of English as a second language) from the University of Hawaii, the United States of America in 1982. She also holds a Diploma in Education (with Distinction) received from the University of Malaya in 1975, and a Certificate in Managing Education (English Language Teaching) received from the College of St. Mark & St. John, Plymouth, England in 1995.

During the period from 1975 to 1988, she taught English at various secondary schools in Peninsular Malaysia. Subsequently, she was promoted to become the Afternoon Supervisor and later the Administrative Senior Assistant of Sekolah Menengah Kebangsaan Raja Ali, Kuala Lumpur from 1988 to 1995. She was later promoted to become Principal of various schools in Kuala Lumpur from 1995 to 2003.

In 2003, she was promoted to the position of Deputy Director of Schools Division, Ministry of Education until 2004. She then became the Education Director of Federal Territory of Kuala Lumpur from 2004 to 2006. In 2006, she was promoted to the position of Director of Schools Division, Ministry of Education, overseeing all schools under the purview of the Ministry of Education. In 2007, she was promoted to the position of the Deputy Director-General of Education Malaysia overseeing operations of eight (8) divisions in the ministry which are involved in schools operations. She held this position until her retirement in 2011.

From 2011 to 2012, she served as the Education Advisor of Khazanah Nasional Berhad, advising on matters pertaining to their projects involving education, such as Trust Schools, Teach for Malaysia and Promoting Intelligence, Nurturing Talents and Advocating Responsibility (PINTAR) programme. Currently, she is Consultant Education Advisor to Khazanah Nasional Berhad. She is also the Advisor of SMR HR Group Sdn Bhd for the English Language Training project. She was the recipient of "Tokoh Kepimpinan Pendidikan Kebangsaan 2013".

She does not hold directorship in any other public companies. She has no family relationship with any director and/or major shareholder of the Company nor does she have any conflict of interest with the Company.

Directors' Profile

Lim Hun Soon @ David Lim
Malaysian, aged 60
Independent Non-Executive Director

Lim Hun Soon @ David Lim is the Independent Non-Executive Director of the Company and was appointed to the Board on 7 May 2013. He is the Chairman of the Audit Committee and Remuneration Committee and a member of the Nomination Committee.

He graduated from the University of Leeds with a Bachelor of Arts in Economics in 1978 and subsequently joined Peat Marwick Mitchell (now known as KPMG) in the United Kingdom in 1978. He qualified as a member of the Institute of Taxation, United Kingdom in 1981 and as a Chartered Accountant in England and Wales in 1982. He returned to Malaysia in 1982 to continue his service with KPMG, and was admitted as a member of the Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants (now known as Malaysian Institute of Certified Public Accountants ("MICPA")) in 1982 and 1984 respectively.

He has had an extensive career serving as an Auditor at KPMG, spanning 33 years. During his career with KPMG, he was admitted as Partner of the firm in April 1990 and served in the Management Committee of the firm from 1997 to 2001 and in KPMG's Partnership Supervisory Council from 2002 to 2010. He was also the Asian Anchor Practice representative for Marketing from 2000 to 2001, in which role he gained extensive and insightful knowledge from KPMG Global counterparts worldwide.

In 2006, he was assigned by KPMG to start up the Audit Committee Institute, Malaysia ("ACI Malaysia"), which is a virtual worldwide initiative sponsored by KPMG to assist independent directors in enhancing their awareness and ability to implement effective board processes. After five (5) years of relentless groundwork, ACI Malaysia is now a source of information where non-executive directors can turn to if they wish to look for information in order to help them in discharging their duties and responsibilities.

He actively served as an examiner for Company Law examinations conducted by the MICPA for over 10 years. He was Chairman of MICPA Code of Ethics Committee and a member of the Malaysian Institute of Accountants Code of Ethics Committee, both from 2002 to 2004. He had also developed an expertise in undertaking the role of Reporting Accountants and was the Audit Partner in charge of over 30 initial public offerings whilst at KPMG. He retired from KPMG in 2011. In 2013, he has been appointed as the representative of Malaysia to sit in the Council of the Institute of Chartered Accountants in England and Wales.

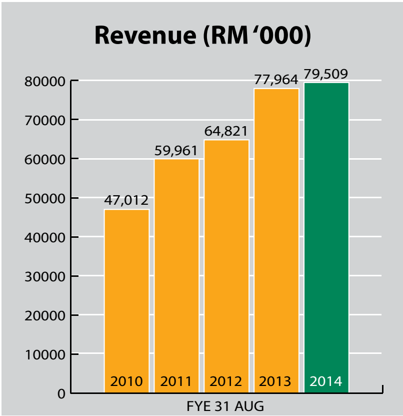
He is an Independent Non-Executive Director of Affin Investment Bank Berhad, Manulife Insurance Berhad, Manulife Holdings Berhad, Ann Joo Resources Berhad, IJM Land Berhad and Affin Hwang Investment Bank Berhad. He also holds directorship in Rockwills Trustee Bhd.

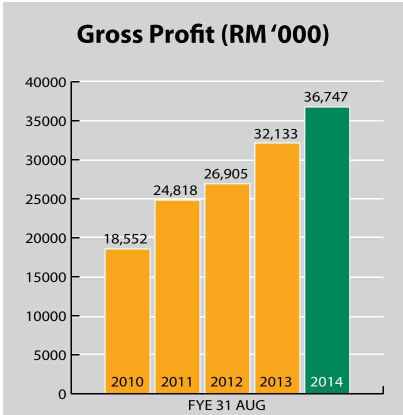
He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company.

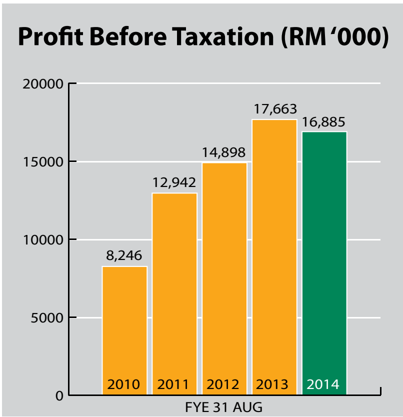
Note:

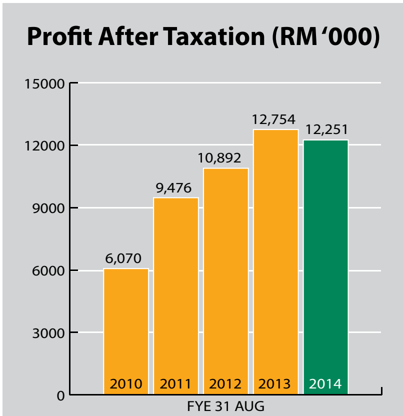
None of the Directors has been convicted for any offences within the past ten (10) years which require disclosure pursuant to paragraph 3(h) of Part A of Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Financial Highlights





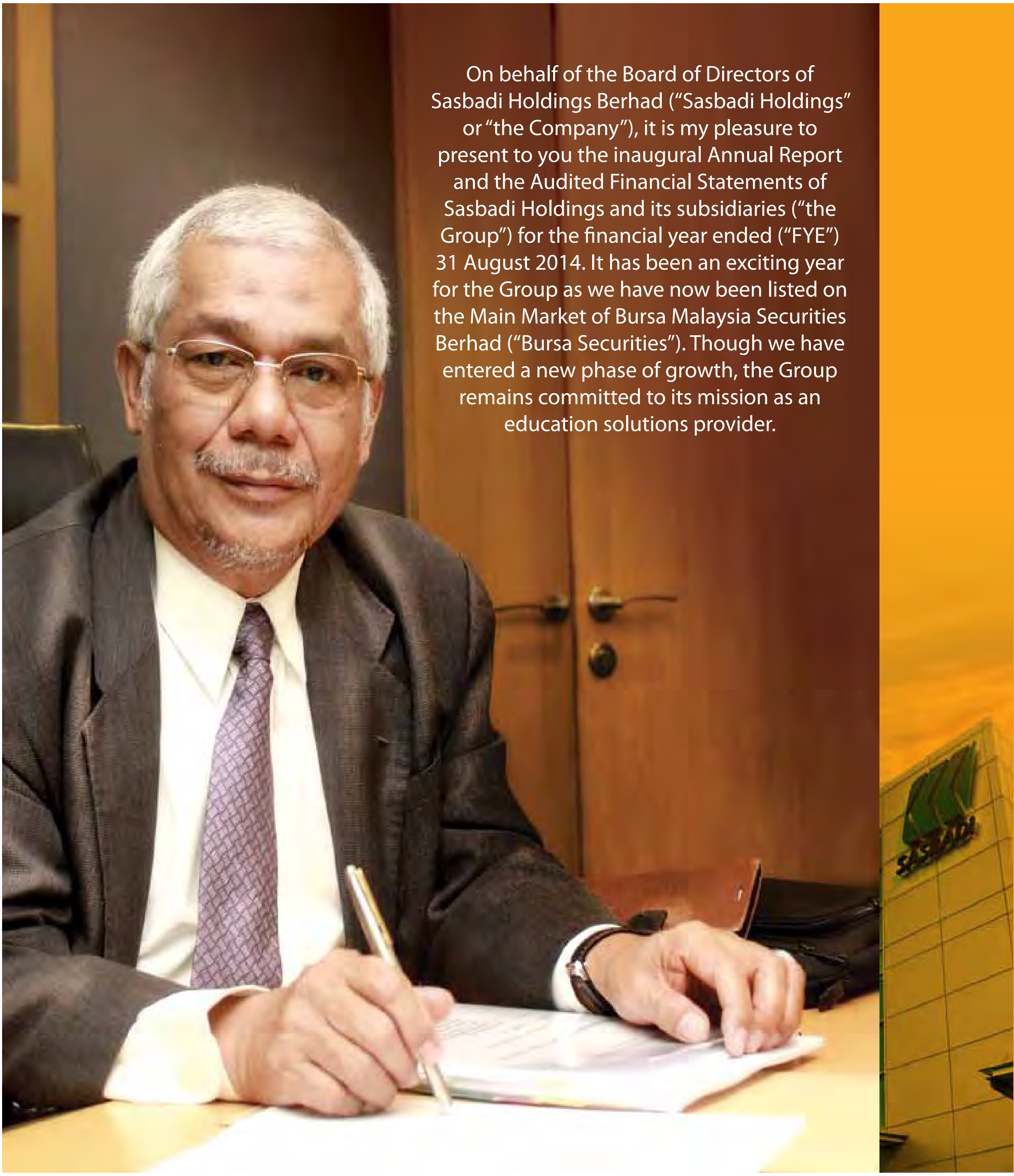




BALANCE SHEET AS AT 31 AUGUST 2014

	RM '000
Property, plant and equipment	30,261
Acquired intellectual properties	4,950
Inventories	20,215
Trade receivables	30,906
Cash and cash equivalents	26,290
Other assets	1,919
Total assets	**114,541**
Shareholders' equity	93,709
Borowings	6,025
Trade payables	2,171
Provisions and other liabilities	12,636
Total equity and liabilities	**114,541**

Chairman's Statement



On behalf of the Board of Directors of Sasbadi Holdings Berhad ("Sasbadi Holdings" or "the Company"), it is my pleasure to present to you the inaugural Annual Report and the Audited Financial Statements of Sasbadi Holdings and its subsidiaries ("the Group") for the financial year ended ("FYE") 31 August 2014. It has been an exciting year for the Group as we have now been listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). Though we have entered a new phase of growth, the Group remains committed to its mission as an education solutions provider.

Chairman's Statement

Financial Review

For FYE 31 August 2014, the Group recorded total revenue of RM79.51 million and achieved profit after tax of RM12.25 million after charging listing expenses of RM1.33 million. This translated into earnings per share of 11.32 sen for FYE 31 August 2014, calculated based on the weighted average number of shares of 108.19 million. Our shareholders' equity stood at RM93.71 million as at 31 August 2014 while our debt-to-equity ratio was negligible at 0.06 times.

Dividends

Sasbadi Holdings did not pay out any dividends for FYE 31 August 2014 as we were only listed on the Main Market of Bursa Securities on 23 July 2014. Nevertheless, the Company remains committed to its policy of recommending up to fifty percent ("50%") of its yearly profit attributable to the owners of the Company to be distributed as dividends, to enable our shareholders to participate in our profits, as disclosed in the Company's Prospectus dated 7 July 2014. Our ability to declare dividends is, however, subject to various factors such as having profits and excess funds not required for our business.

Outlook

The outlook for the educational publishing industry is dependent on a few factors, which include the performance of the education sector, growth in population, income and expenditure, as well as key initiatives by the Government. Student enrolment in public schools is expected to continue to grow by an average annual growth rate ("AAGR") of 0.6% in the five (5) year period between 2011 and 2015. Coupled with an expected national Gross Domestic Product ("GDP") growth of between 5% and 6% for 2015, the industry's potential for growth is expected to be positive. In addition, there are various initiatives by the Government such as the Malaysia Education Blueprint 2013-2025, 1BestariNet, Back to School Cash Assistance Programme, 1Malaysia Book Voucher Programme and the Government Transformation Programme ("GTP") Roadmap as well as increased federal government expenditure on education and training. Thus, the conditions are conductive for operators in the educational publishing industry to grow and expand.

Equipped with the proceeds from our successful listing coupled with our healthy cash flows and low gearing, we are ready to pursue a two-pronged strategy of expanding our assets and capabilities through organic growth and strategic acquisitions of intellectual properties or smaller players within the industry who possess expertise and knowledge in niche sectors of educational publishing and content creation. The Group is also well-prepared for continued penetration into digital mediums of content production as we already have a steadily growing digital content portfolio and delivery system in place. We see ourselves as an education solutions provider and are now on a mission to further strengthen our expertise and reach into all sectors of the market thereby diversifying our income streams which will add value for our shareholders.

Appreciation

It has been an eventful year which has ended with Sasbadi Holdings becoming a successfully listed company and I would like to commend our management team and all our employees for the tireless efforts in the lead up to the Initial Public Offering ("IPO"). The enormity of the changes required many months of detailed planning and hard work by all those concerned. The Board of Directors is also most grateful to our customers, suppliers, business associates, shareholders, and the relevant authorities concerned like the Securities Commission and Bursa Securities for their support and assistance that ensured the Group's transition to a Public Listed Company was seamless and added substantial value for our shareholders.

Dato' Salleh bin Mohd Husein

Independent Non-Executive Chairman

Group Managing Director's Review of Operations

The financial year ended ("FYE") 31 August 2014 was a great year for Sasbadi Holdings Berhad ("Sasbadi Holdings" or "the Company"), and was marked by our successful listing on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The new milestone marks the beginning of a new chapter for the Company and becoming a Public Listed Company has provided us with the perfect stage to pursue new frontiers and achieve sustainable growth for Sasbadi Holdings and its subsidiaries ("the Group").

The education sector, driven by the Government's Economic Transformation Programme ("ETP") where education is one of the 12 National Key Economic Areas ("NKEAs"), offers many opportunities through the various initiatives launched by the Ministry of Education under the ambit of the Malaysia Education Blueprint 2013-2025. We are well positioned to capitalise on these opportunities and to participate in the education transformation master plan that is of national importance.

Group Managing Director's Review of Operations

Initial Public Offering ("IPO")

Sasbadi Holdings was officially listed and commenced trading under the stock name **SASBADI** and stock code **5252** on Bursa Securities on 23 July 2014. The IPO entailed a public issue of 21.20 million new ordinary shares of RM0.50 each ("Shares") at RM1.19 per Share, of which 6.35 million Shares were made available for application by the Malaysian public via balloting. The balloting portion was oversubscribed by 33.15 times, and the Company's shares opened strongly on Bursa Securities at RM1.75 per Share and closed at RM1.49 per Share on the first day of trading.

A total of RM25.23 million was raised from the IPO, of which RM11.5 million will be used for the part-financing of the Group's proposed acquisition of publishing businesses and intellectual property rights. The remainder will be used for the proposed acquisition of an office cum warehousing building and financing of working capital (including listing expenses) as well as towards the establishment of applied learning centres.

Core Business

The Group's core business is in the creation and print publishing of Malaysian National School Curriculum based educational materials focusing on primary and secondary school education. The Group is also involved in the publishing of non-curriculum based educational materials as well as branching out into the online publishing of educational materials. In addition, the Group's business is complemented by the distribution of applied learning products in Malaysia and Brunei in collaboration with LEGO Education, with whom we have been an exclusive partner since 2005.

Financial Results

The Group recorded total revenue of RM79.51 million for FYE 31 August 2014, thanks to the strong performance shown by the subsidiaries, Sasbadi Sdn Bhd ("Sasbadi") and Malaysian Book Promotions Sdn Bhd ("Malaysian Book Promotions"), which recorded revenue of RM69.71 million and RM7.14 million, respectively. Our online publishing subsidiary, Sasbadi Online Sdn Bhd ("Sasbadi Online"), recorded revenue of RM1.53 million.

Sasbadi is principally involved in print publishing of educational materials and distribution of applied learning products while Malaysian Book Promotions is principally involved in the publishing and distribution of printed educational materials, particularly from the publishing rights and production files acquired from Pearson Malaysia Sdn Bhd ("Pearson Malaysia") in September 2013. Historically, the Group had consistently recorded lowest quarterly sales in the fourth financial quarter (June to August). Nonetheless, the Group experienced some changes in the seasonality patterns for FYE 31 August 2014 as we introduced new educational materials in June 2014 to cater for the then newly announced format for Form 3 Assessment (PT3 – Pentaksiran Tingkatan 3), which replaced Penilaian Menengah Rendah, and we recorded sales of post-secondary educational materials (from the titles acquired from Pearson Malaysia) in the fourth financial quarter, which coincided with the intake of post-secondary students in May for national schools. As a result, Sasbadi and Malaysian Book Promotions recorded revenue of RM13.72 million and RM2.98 million in the fourth financial quarter ended 31 August 2014, respectively.

Consequently, the Group achieved profit after tax of RM12.25 million for FYE 31 August 2014, after the charging off of listing expenses of RM1.33 million.

Group Managing Director's Review of Operations

National Robotics Competition / World Robot Olympiad

We have been the key organiser in collaboration with the Ministry of Education for the National Robotics Competition since its inception in 2005. The 2014 competition saw the participation of about 3,000 primary and secondary school teams and the finals ran from 23 to 25 September 2014. The winning teams from the final competition went on to represent the nation as part of the Malaysian contingent to the World Robot Olympiad 2014 held in Sochi, Russia. Our students did us proud once again, claiming two gold and one silver medals as well as three awards for excellence, placing Malaysia as the 1st runner-up overall. We believe this achievement is a result of private-public collaborations where Sasbadi Holdings and the Ministry of Education work as partners to drive programmes that are vital to the national education transformation agenda, in particular with regard to achieving the target of having 60% of our students doing Science, Technology, Engineering and Mathematics ("STEM") education.

Future Plans

The Group has a well-thought out strategy in place for the expansion of our business and to propel our growth in the future. This encompasses a focus on the expansion of our conventional publishing business which we expect to experience organic growth from newly launched projects/products, and the proposed undertaking of acquisitions of suitable targets within the industry or their intellectual properties. The local publishing industry is fragmented and niche-based, and there are thus available targets for acquisitions. Hence, we are confident of spending the RM11.5 million allocated from our IPO proceeds (for acquisitions) within the timeframe stipulated. We believe we have the capability to transform these niche segments into mainstream by leveraging on our competitive advantages such as our extensive distribution network and economies of scale.

An example is our acquisition of rights, title and interest in the publishing list of Penerbitan Multimedia Sdn Bhd for RM1.0 million, which opened the door to the teacher education segment of which we previously did not have a market share. Strategic licensing agreements with overseas partners for our in-house developed technology, such as the export of our "i-Learn" online learning system to PT Penerbit Erlangga in Indonesia, will allow us to generate new revenue streams without the need for a physical presence.

Another key area for future growth is the digital learning sector which has the potential to revolutionise education. To harness this potential, we have aligned our strategy to synchronise with the Ministry of Education's strategy mentioned in Shift 7 of the Malaysia Education Blueprint 2013-2025: "Leverage ICT to scale up quality learning across Malaysia". For example, we are ready to capitalise on the announcement of the Ministry of Education in November 2014 of its intention to launch the Smart Interactive Digital Textbook which is expected to be put into use from 2016. We are well prepared for this shift as we already have an extensive content portfolio in place, as evidenced by our presence in the digital learning solutions market since 2011 via Sasbadi Online, and are working actively to increase the content progressively.

Appreciation

The successes we had recorded in FYE 31 August 2014 were achieved through the hard work and commitment of many people associated with the Group. I sincerely thank all our employees for persevering with spirit and determination while going through major organisational changes. A big thank you also goes out to the management team, who worked above and beyond the call of duty to deliver a successful IPO while maintaining a continued focus on our business priorities. I am also most grateful to the Chairman and my fellow Directors for their unwavering support and invaluable guidance during the year.

My appreciation also goes to all our customers for their continuous support and trust in us, to all our partners, service providers, suppliers and vendors for their continuous support to keep our operations going, and to all relevant regulatory bodies including the Securities Commission and Bursa Securities for their support during our IPO exercise.

Finally, welcome to our new shareholders, the new owners of the business, for your confidence in Sasbadi Holdings and thank you for placing your trust in us. I am confident the future will provide more opportunities for us to grow the Group together.

Law King Hui
Group Managing Director

Corporate Social Responsibility Statement

Sasbadi Holdings Berhad and its subsidiaries ("the Group") firmly believe in giving back to the communities we operate within, and are constantly striving to give back through our Corporate Social Responsibility ("CSR") initiatives and activities. The Group supports the Government's policies and initiatives, especially in education, and we constantly align our CSR initiatives with the intended outcome of the Government's policies and initiatives.

Education

The Group believes in a holistic approach to education, and is committed to contributing to the educational development in Malaysia. We firmly believe that the gift of reading is one of the most important components in a child's development. As such, an important initiative that the Group is involved in is the School-in-Hospital Project undertaken by the Ministry of Education and Yayasan Nurul Yaqeen since 2011. The programme entails the donation of educational and reading materials to government school-going children between the age of 4 and 19, who have been warded in hospitals. For the financial year ended 31 August 2014, the hospitals involved were, as follows:

- Hospital Selayang, Batu Caves, Selangor;
- Pusat Perubatan Universiti Malaya, Kuala Lumpur;
- Hospital Tuanku Ja'afar, Seremban, Negeri Sembilan;
- Hospital Umum Sarawak, Kuching, Sarawak; and
- Hospital Wanita dan Kanak-kanak Sabah, Kota Kinabalu, Sabah.

The Group also makes book donations for charities such as *Skim Anak Angkat Yayasan Pelajaran Mara*, *Program Tokoh Nilam Kebangsaan* and *Program Kem Membaca 1Malaysia*, as well as to other charitable organisations in need.

Corporate Social Responsibility Statement

National Robotics Competition and FIRST LEGO League Competition

The Group has been working with the Ministry of Education for the National Robotics Competition since 2005 and an organiser of the FIRST LEGO League Competition Malaysia since 2010, providing manpower and technical support as well as prize sponsorship and monetary contributions. We have also been a strong supporter of the Malaysian contingents for teams competing in the World Robot Olympiad and First Championship (a world championship), contributing manpower, technical/ training support and monetary contributions, as we believe that fostering the budding talents in these fields is integral to achieving a nation that is eminently capable of competing with the world in the fields of Science, Technology, Engineering and Mathematics ("STEM").

Corporate Social Responsibility Statement

Human Resource/Employee Engagement
We recognise that our passionate and capable employees are the most important assets of the Group and therefore continuously provide internal and external training for the employees when necessary, including on-the-job training in areas of technical and management skills, as well as organising teambuilding activities. We also regularly provide opportunities for internal promotion as a key component in our employee development and retention strategy. Concurrently, to foster improved teamwork and co-operation, sporting activities such as badminton, futsal, and bowling are facilitated for the employees, especially during off-peak periods (i.e. school holidays).

The Group remains committed to continuing our CSR efforts and contributing to the advancement and development of education in Malaysia in line with our identity as a socially responsible corporate citizen.

Corporate Governance Statement

The Board of Directors ("the Board") of Sasbadi Holdings Berhad ("Sasbadi Holdings" or "the Company") is committed to implementing and maintaining principles and practices of good corporate governance within Sasbadi Holdings and its subsidiaries ("the Group") in order to safeguard stakeholders' investments and the Group's assets.

As such, the Board is pleased to present the following Corporate Governance Statement outlining the manner and extent to which the Group has applied the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") for the financial year ended ("FYE") 31 August 2014.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Recommendation 1.1 – Clear Functions for the Board and the Management

The Board, comprising members with diverse skills, experience and qualifications, recognises the clear distinction of the roles and responsibilities between the Board and the Management. The Board is responsible for the overall strategic direction and leadership of the Group, the adequacy and effectiveness of the Group's risk management and internal control system, and compliance with the relevant laws and regulations. The Management, on the other hand, is responsible for assisting the Board in implementing the policies and procedures adopted by the Board to achieve the Group's objectives and in running the Group's day-to-day business operations.

Recommendation 1.2 – Clear Roles and Responsibilities for the Board

The roles and responsibilities of the Board include, among others, the following:

- Review, challenge and approve the strategic plan prepared by the Management for the Group and to monitor the implementation of the plan;
- Oversee the conduct of the Group's business to ensure the objectives are met, the business is sustainable, and the relevant regulations are complied with;
- Identify, assess and manage the principal risks affecting the Group through the implementation of an adequate and effective system;
- Ensure that there are plans in place for orderly succession of senior management;
- Review the adequacy and effectiveness of the Group's risk management and internal control system; and
- Oversee the implementation of an investor relations policy to enable effective communication between the Group and the shareholders and other stakeholders.

The Board has delegated some of the above roles and responsibilities to the three (3) Board Committees, i.e. Audit Committee, Nomination Committee and Remuneration Committee. These Committees undertake their duties and responsibilities according to their delegated functions as set out in their respective Terms of Reference (as presented below).

Recommendation 1.3 – Code of Conduct

The Board has, on 5 January 2015, formalised and adopted a Code of Conduct which sets out certain values, principles and standards of good conduct expected of the Directors and employees at work. A copy of the Code of Conduct can be viewed at the Company's website, www.sasbadiholdings.com. The Code of Conduct will be reviewed from time to time for changes and new developments in the external and internal environment.

Recommendation 1.4 – Promote Sustainability

The Board shall ensure that its short-term and long-term strategies promote sustainability to the environmental, social and governance aspects of the Group's business. This is incorporated into the Company's Board Charter and Code of Conduct.

Recommendation 1.5 – Procedures for Board Members to Have Access to Information and Advice

The Directors have full and unrestricted access to all information of the Group on a timely and accurate manner to enable them to discharge their roles and responsibilities. In addition, the Directors have full and unrestricted access to the Company Secretaries, the external auditors and the outsourced internal auditors for advice and services. If required, the Directors, collectively and individually, are also entitled to seek external independent professional advice at the Company's expense.

Recommendation 1.6 – Support of Qualified and Competent Company Secretaries

The Board is supported by the Company Secretaries pertaining to corporate secretarial matters which include, among others, convening of Board and general meetings, preparation of circular resolutions and minutes of meetings, maintenance of statutory registers and records, release of announcements to Bursa Malaysia Securities Berhad ("Bursa Securities"), and advising the Board on compliance with the relevant laws and regulations.

Recommendation 1.7 – Board Charter

The Board has, on 5 January 2015, formalised and adopted a Board Charter which sets out, among others, the roles and responsibilities of the Board and the Management. A copy of the Board Charter can be viewed at the Company's website, www.sasbadiholdings.com. The Board Charter will be reviewed from time to time to ensure that it remains consistent with the Board's objectives, and current law and practices.

PRINCIPLE 2 – STRENGTHEN COMPOSITION

Recommendation 2.1 – Nomination Committee

The Board has established the Nomination Committee comprising the following members, all of whom are Independent Non-Executive Directors:

Chairman:
Dato' Noor Rezan Binti Bapoo Hashim *(Senior Independent Non-Executive Director)*

Members:
Dato' Salleh Bin Mohd Husein *(Independent Non-Executive Chairman)*
Lim Hun Soon @ David Lim *(Independent Non-Executive Director)*

The functions of the Nomination Committee are as follows:

- Assess and recommend to the Board the candidates for directorships of the Company.
- Recommend to the Board, Directors to fill the seats on Board Committees.
- Annually assess the effectiveness of the Board as a whole, the Board Committees and the contributions of each individual Director, taking into consideration the required mix of skills, expertise, experience, commitment and other requisite qualities including core competencies which the Directors should bring to the Board.
- Orientate and educate new Directors as to the nature of the business, current issues within the Company and the corporate strategies, the expectations of the Company concerning input from the Directors and the general responsibilities as Directors.
- Recommend to the Board the re-election of Directors who retire at annual general meetings.
- Periodically review and report to the Board the succession planning for the Board including Board Chairman and Managing Director, and senior management. The Board should work with the Nomination Committee to evaluate potential successors.
- Formulate, develop, maintain and review criteria to be used for recruitment process, annual assessment of Directors including assessment of independence.
- Determine appropriate training for Directors and review the fulfilment of such training requirements, where appropriate.
- Conduct exit interview with the resigning key personnel or principal officer of the Company, where appropriate.

As the Company was only listed on the Main Market of Bursa Securities on 23 July 2014, the Nomination Committee did not hold any meetings in FYE 31 August 2014. Subsequent to FYE 31 August 2014 and up to the date of approval for issuance of this Statement, the Nomination Committee has held two (2) meetings whereby the activities undertaken included, among others, review and adoption of the Terms of Reference for the Nomination Committee, determining the Directors standing for re-election at the forthcoming Annual General Meeting ("AGM") and recommending to the Board for their re-election, and determining the need for continuous training by the Directors. At one (1) of the meetings, the Nomination Committee also reviewed the proposals tabled by the Management on the appointment of the Chief Financial Officer and the re-designation of Lee Eng Sang from Non-Independent Executive Director to Non-Independent Non-Executive Director, prior to recommending the same to the Board for decision and approval.

Recommendation 2.2 – Recruitment Process and Annual Assessment of Directors

Under the Terms of Reference, the functions of the Nomination Committee include, among others, assessing and recommending candidates for directorships to the Board and undertaking annual assessment of the effectiveness of the Directors individually and as a whole.

As at the date of approval for issuance of this Statement, the Nomination Committee is in the process of establishing formal criteria and guidelines for the recruitment of directors and annual assessment of the directors.

The Board acknowledges that gender diversity is one of the key attributes to an effective and balanced board. In this regard, it is committed to having female representation on the Board, and the Board currently has one (1) female member. The Group also ensures equal opportunity is given to an individual whether for appointment as a director or employment within the Group, based on merits and not on any gender, age or racial bias.

Recommendation 2.3 – Remuneration Committee and Remuneration Policies and Procedures

The Board has established the Remuneration Committee comprising the following members, majority of whom are Non-Executive Directors:

Chairman:
Lim Hun Soon @ David Lim *(Independent Non-Executive Director)*

Members:
Dato' Salleh Bin Mohd Husein *(Independent Non-Executive Chairman)*
Law King Hui *(Group Managing Director)*

The functions of the Remuneration Committee are as follows:

- Review and recommend to the Board the framework of remuneration and its cost, and the remuneration package for Executive Directors and key management personnel, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a select group of comparable companies.
- Review and recommend to the Board the remuneration structure and policy for Executive Directors and key management personnel, the terms of employment or service contract, where relevant, any benefit, pension or incentive scheme entitlement, performance related bonuses, fees and expenses, compensation arrangement, and to review for changes to the policy, where necessary.
- Review annually the Executive Directors' service contracts.
- Ensure the levels of remuneration be sufficiently attractive and be able to retain the Directors and key management personnel needed to run the Group successfully.
- Ensure corporate accountability and governance in respect of the remuneration of the Directors and key management personnel and other relevant functions.

Pursuant to the Company's listing on the Main Market of Bursa Securities on 23 July 2014, the Remuneration Committee has held one (1) meeting for FYE 31 August 2014 whereby the activities carried out included, among others, adoption of the Terms of Reference for the Remuneration Committee, review of the existing employment terms and packages of the Executive Directors, and deliberation and recommendation to the Board of the fees for the Directors for FYE 31 August 2014 and the financial year ending 31 August 2015, which are subject to the approval of the shareholders at the forthcoming AGM.

Details of the aggregate remuneration received by the Directors from the Group for FYE 31 August 2014 are as follows:

	Executive Directors	Non-Executive Directors	Total
	RM'000	RM'000	RM'000
Fees	230	150	380
Salaries, bonuses and EPF	2,223	-	2,223
Estimated monetary value of benefits-in-kind	78	-	78
Total	2,531	150	2,681

The number of Directors whose remuneration for FYE 31 August 2014 fall under the following bands of RM50,000 is presented below:

Remuneration Band	No. of Executive Directors	No. of Non-Executive Directors
RM50,000 and below	-	3
RM350,001 to RM400,000	2	-
RM600,001 to RM650,000	1	-
RM1,100,001 to RM1,150,000	1	-

As at the date of approval for issuance of this Statement, the Remuneration Committee is in the process of formulating the remuneration framework and policies for the Directors.

PRINCIPLE 3 – REINFORCE INDEPENDENCE

Recommendation 3.1 – Annual Assessment of Independent Directors

The Board shall assess the independence of the Independent Directors on an annual basis based on the criteria to be formulated by the Nomination Committee. As the Company was only listed on the Main Market of Bursa Securities on 23 July 2014, the Board will undertake the annual assessment of the independence of the Independent Directors in the financial year ending 31 August 2015.

Recommendation 3.2 – Tenure of Independent Directors

MCCG 2012 recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years and, upon completion of the nine (9) years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director.

The Board has incorporated this recommendation into the Board Charter. As at the date of approval for issuance of this Statement, the Company's Independent Directors have served on the Board for less than two (2) years.

Recommendation 3.3 – Retention of Independent Directors Whose Tenure Exceeds Nine (9) Years

MCCG 2012 recommends that the board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine (9) years.

The Board has incorporated this recommendation into the Board Charter. As at the date of approval for issuance of this Statement, the Company's Independent Directors have served on the Board for less than two (2) years.

Recommendation 3.4 – Separation of Positions of Chairman and Managing Director

The Board practises the separation of the positions of Chairman and Managing Director and the division in their responsibilities.

Dato' Salleh Bin Mohd Husein, who is an Independent Non-Executive Director, is the Chairman of the Group and he leads the Board in the oversight of Management while Law King Hui, who is the Managing Director of the Group, focuses on the running of the business and day-to-day management of the Group.

Recommendation 3.5 – Board Composition

The Board is made up of three (3) Non-Independent Executive Directors (including the Group Managing Director), one (1) Non-Independent Non-Executive Director *(re-designated from Non-Independent Executive Director to Non-Independent Non-Executive Director on 1 November 2014)* and three (3) Independent Non-Executive Directors (including the Chairman). The Board composition provides a good mix of experience and diversity in skills and expertise while maintaining a good balance between Non-Independent and Independent Directors.

The Board has also complied with paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities, which requires at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are independent.

PRINCIPLE 4 – FOSTER COMMITMENT

Recommendation 4.1 – Time Commitment by Directors

The Directors are expected to devote sufficient time to carry out their roles and responsibilities for the Group. In this regard, all Directors are required to notify the Chairman (of the Board) prior to accepting any new directorship and if there is any conflict of interest arising from the appointment.

For FYE 31 August 2014, there were two (2) Board meetings held and the attendance records of the Directors are as follows:

Member	Attendance
Dato' Salleh Bin Mohd Husein	2 out of 2
Law King Hui	2 out of 2
Lee Swee Hang	2 out of 2
Law En Ruey	2 out of 2
Lee Eng Sang	2 out of 2
Dato' Noor Rezan Binti Bapoo Hashim	2 out of 2
Lim Hun Soon @ David Lim	2 out of 2

Save for Lim Hun Soon @ David Lim, the Directors do not have directorship in any other listed companies. As for Lim Hun Soon @ David Lim, he does not hold more than five (5) directorships in listed companies in compliance with paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities.

Recommendation 4.2 – Continuing Education Programmes for Directors

The Directors are encouraged to attend continuing education programmes to upgrade their knowledge and enhance their skills.

Details of the some of the training programmes/forums/seminars/conferences participated by the Directors for FYE 31 August 2014 and up to the date of approval for issuance of this Statement are as follows:

Director	Title of Training Programme/Forum/ Seminar/Conference	Date
Dato' Salleh Bin Mohd Husein	• Mandatory Accreditation Programme prescribed by Bursa Securities	19 & 20 Nov 2014
Law King Hui	• Mandatory Accreditation Programme prescribed by Bursa Securities	8 & 9 Oct 2014
	• 2nd ASEAN Ebook Conference	28 Aug 2014
	• Seminar Transformasi Penerbitan Buku Teks Kementerian Pendidikan Malaysia	27 Aug 2014
	• Wawancara Sofa Putih Institut Terjemahan & Buku Malaysia – "Benarkah Industri Buku Malaysia Sudah Tepu?"	1 May 2014
	• Kuala Lumpur Publishing & Rights Conference 2014	21 Apr 2014
Lee Swee Hang	• Mandatory Accreditation Programme prescribed by Bursa Securities	19 & 20 Nov 2014
Law En Ruey	• Mandatory Accreditation Programme prescribed by Bursa Securities	8 & 9 Oct 2014
Lee Eng Sang	• Mandatory Accreditation Programme prescribed by Bursa Securities	19 & 20 Nov 2014
Dato' Noor Rezan Binti Bapoo Hashim	• Mandatory Accreditation Programme prescribed by Bursa Securities	19 & 20 Nov 2014
	• Audit Committee Institute Breakfast Roundtable titled The Impact of Cyber Security at Board Levels	12 Nov 2014
Lim Hun Soon @ David Lim ^	• Half Day Talk on: - Amendments to Companies Bill - GST Implications to Non-Executive Directors - Recovery & Resolution Planning - Cybercriminals in the Financial Services Sector	2 Dec 2014
	• MIA International Accountants Conference (2013 and 2014)	4 & 5 Nov 2014 and 26 & 27 Nov 2013
	• FIDE Forum: "Risks: From Whereof?"	21 Aug 2014
	• Audit Committee Workshop Series 4: Enhancing Audit Quality – Role of Audit Committee	7 Aug 2014

Director	Title of Training Programme/Forum/ Seminar/Conference	Date
Lim Hun Soon @ David Lim ^ (continued)	• Audit Committee Workshop Series 1: The Functions of the Audit Committee	17 Jul 2014
	• Audit Committee Conference 2014	20 Mar 2014
	• FIDE Elective Program: Human Capital Management in the Boardroom & "C" Suite Programme	19 Nov 2013
	• FIDE Elective Program: Board IT Governance and Risk Management Program	18 & 19 Sep 2013

Note:
^ Lim Hun Soon @ David Lim has attended the Mandatory Accreditation Programme prescribed by Bursa Securities on 12 & 13 Sept 2012

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

Recommendation 5.1 – Compliance with Applicable Financial Reporting Standards

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year under review and their results and cash flows for the financial year then ended. In addition, the financial statements are to be prepared in accordance with the applicable approved accounting standards in Malaysia.

The Board has delegated the task to the Audit Committee while maintaining overall responsibility for the financial statements. Information on the activities undertaken by the Audit Committee is set out in the Audit Committee Report of this Annual Report.

Recommendation 5.2 – Suitability and Independence of External Auditors

The Audit Committee reviews and monitors the suitability and independence of the external auditors on an annual basis. In addition, the Audit Committee has obtained confirmation from the external auditors that they are and have been independent throughout the conduct of the audit engagement. For FYE 31 August 2014, the fees paid by the Group to the external auditors for non-audit services amounted to RM323,000, mainly in relation to their role as the reporting accountants to the Company's listing on Bursa Securities.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

Recommendation 6.1 – Establishment of a Sound Framework to Manage Risks

The Board recognises the importance of having effective governance embedding risk management and internal control processes, and acknowledges its overall responsibility for maintaining a sound risk management and internal control system and for reviewing their adequacy and effectiveness in order to safeguard stakeholders' investments and the Group's assets.

Details on the risk management and internal control system of the Group are set out in the Statement on Risk Management and Internal Control of this Annual Report.

Recommendation 6.2 – Establishment of an Internal Audit Function

The Group has outsourced the internal audit function to a professional service firm which is independent of the activities and operations of the Group. The outsourced internal auditors report directly to the Audit Committee. Details on the internal audit function are set out in the Audit Committee Report and the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Recommendation 7.1 – Appropriate Corporate Disclosure Policies and Procedures

The Board takes cognisance of the need for the Group to comply with the applicable laws and regulations pertaining to corporate disclosure, handling of material information as well as maintenance of confidentiality, and will act accordingly.

Recommendation 7.2 – Leverage on Information Technology for Effective Dissemination of Information

Shareholders, investors and the general public are able to obtain information on the Group at the Company's website, www.sasbadiholdings.com. In addition, the Investor Relations section within the website provides information such as the latest media coverage, announcements to Bursa Securities and press releases on the Group, to the shareholders, investors and general public.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Recommendation 8.1 – Encourage Shareholder Participation at General Meetings

As the Company was only listed on 23 July 2014, the forthcoming AGM marks the first general meeting of the Company involving public shareholders. Notice of the AGM together with this Annual Report will be sent out to the shareholders at least 21 days before the date of the meeting to provide the shareholders with sufficient time to prepare for the meeting and to make informed decisions at the meeting.

The Company will allocate time during the AGM for a Question-and-Answer ("Q&A") session whereby the Chairman together with the other Board members will be present to answer any questions that the shareholders may have on the Group and its operations.

Recommendation 8.2 – Poll Voting

The Board takes cognisance of the recommendation of MCCG 2012 and will consider putting substantive resolutions to vote by poll. In addition, the Chairman will inform shareholders of their right to demand for a poll at the commencement of the general meeting.

Recommendation 8.3 – Effective Communication and Proactive Engagements with Shareholders

The Board believes the AGM is a principal forum for communication with the shareholders. As mentioned above, the Company will allocate time during the AGM for shareholders to ask questions about the Group and its operations.

In addition, shareholders are able to obtain latest information on the Group at the Company's website and are encouraged to contact the Company should they require more information *(Note: Contact details are listed on the website)*.

This Statement is approved for issuance pursuant to the resolution of the Board dated 5 January 2015.

Audit Committee Report

The Board of Directors ("the Board") of Sasbadi Holdings Berhad ("Sasbadi Holdings" or "the Company") has established a Committee of the Board known as the Audit Committee to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, system of internal controls, audit process and monitoring of compliance with laws and regulations.

MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee are as follows:

Chairman:
Lim Hun Soon @ David Lim *(Independent Non-Executive Director)*

Members:
Dato' Salleh Bin Mohd Husein *(Independent Non-Executive Chairman)*
Dato' Noor Rezan Binti Bapoo Hashim *(Senior Independent Non-Executive Director)*

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board from among the Directors of the Company and shall comprise at least three (3) members, all of whom must be non-executive directors, with a majority of them being independent.

At least one (1) member of the Audit Committee –

(i) must be a member of the Malaysian Institute of Accountants ("MIA"); or

(ii) if he is not a member of the MIA, he must have at least three (3) years' working experience and –

- he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

- he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

(iii) either one (1) of the following qualifications and at least three (3) years' post qualification experience in accounting or finance:

- a degree/masters/doctorate in accounting or finance; or

- a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or

(iv) at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

No alternate director shall be appointed as a member of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director.

The Company Secretary or his nominee or such other persons authorised by the Board shall act as the Secretary of the Audit Committee.

If a member of the Audit Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Audit Committee Report

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Committee and its members have carried out their duties in accordance with their terms of reference.

Meetings and Minutes

The Audit Committee shall meet at least four (4) times in a financial year, although additional meetings may be called at any time at the Audit Committee Chairman's discretion.

The quorum for a meeting of the Audit Committee shall consist of not less than two (2) members, majority of whom must be Independent Directors.

Other than in circumstances which the Chairman of the Audit Committee considers inappropriate, the Chief Financial Officer, the representatives of the internal auditors and external auditors will attend any meeting of the Audit Committee to make known their views on any matter under consideration by the Audit Committee or which in their opinion, should be brought to the attention of the Audit Committee. Other Board members, employees and external professional advisers shall attend any particular meetings upon invitation by the Audit Committee.

At least twice in a financial year, the Audit Committee shall meet with the external auditors without the Executive Directors and representatives of Management being present.

The Audit Committee shall report to the Board and its minutes tabled and noted by the Board. The books containing the minutes of proceedings of any meeting of the Audit Committee shall be kept by the Company at the registered office or the principal office of the Company, and shall be open for inspection of any member of the Audit Committee and the Board.

Authority

The Audit Committee is authorised by the Board to investigate any matter within the Audit Committee's terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Audit Committee.

The Audit Committee is authorised by the Board to obtain external independent professional or other advice, the expenses of which will be borne by the Company and to invite outsiders to attend the Audit Committee's meetings if it considers necessary.

The Audit Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.

The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

The internal auditors shall report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee on all matters of control and audit.

Functions and Duties

The Audit Committee shall, among others, discharge the following functions and duties:

(i) Review the following and report the same to the Board:

- With the external auditors, the audit plan, the nature and scope of work and ascertain that it will meet the needs of the Board, the shareholders and regulatory authorities;
- With the external auditors, their evaluation of the quality and effectiveness of entire accounting system, the adequacy and integrity of the internal control system and the efficiency of the Group's operations;
- With the external auditors, their audit report;
- The assistance given by employees of the Group to the external and internal auditors;

- The adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work including inter alia the appointment of internal auditors;
- The internal audit programme, processes and results of the internal audit programme, processes, major findings of internal investigation and Management's response and whether or not appropriate action is taken on the recommendations of the internal audit function;
- Review any appraisal or assessment of the performance of members of the internal audit function;
- The quarterly results and annual financial statements prior to the approval by the Board, focusing particularly on –
  - changes in or implementation of major accounting policies and practices;
  - significant and unusual events;
  - significant adjustments arising from the audit;
  - compliance with accounting standards, other statutory and legal requirements and the going concern assumption;
  - the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group;
- Any related party transactions and conflict of interest situations that may arise within the Company or Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- Any letter of resignation from the external auditors of the Company;
- Whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and
- Any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.

(ii) Review any matters concerning the appointment and dismissal of both the external and internal auditors, their audit fees and render its recommendations accordingly to the Board.

(iii) Promptly report to Bursa Malaysia Securities Berhad ("Bursa Securities") on any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of Bursa Securities's Listing Requirements.

(iv) Verify the allocation of options pursuant to a share scheme for employees, if any, at the end of each financial year and to prepare a statement verifying such allocation in the annual reports.

(v) Consider and approve the non-audit service(s) to be provided by the external auditors subject to the confirmation from the external auditors that such non-audit service(s) pose no threat to the independence of the external auditors.

(vi) Carry out any other functions that may be mutually agreed upon by the Audit Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Audit Committee's duties and responsibilities.

Audit Committee Report

ATTENDANCE OF MEETINGS

During the financial year ended ("FYE") 31 August 2014, the Audit Committee held a total of two (2) meetings *(Note: The Company was only listed on the Main Market of Bursa Securities on 23 July 2014)*. The attendance of the members of the Audit Committee at the meetings is as follows:

Member	Attendance
Lim Hun Soon @ David Lim	2 out of 2
Dato' Salleh Bin Mohd Husein	2 out of 2
Dato' Noor Rezan Binti Bapoo Hashim	2 out of 2

SUMMARY OF ACTIVITIES

During FYE 31 August 2014 and up to the date of approval for issuance of this Report, the Audit Committee had, in discharging its functions and duties, carried out, among others, the following activities:

- Reviewed and adopted the Terms of Reference for the Audit Committee;
- Reviewed and recommended for the Board's approval the unaudited quarterly financial results for announcement to Bursa Securities;
- Reviewed and discussed with the external auditors on the following:
  - Their independence and objectivity in carrying out the audit;
  - Their scope of work and audit plan including the audit methodology, areas of risk and audit emphasis, materiality threshold and significant accounting policies/disclosure;
  - The results of their audit work and recommendations pertaining to internal control weaknesses noted in the Group during the course of their audit;
  - The assistance provided by Management to them during the course of their audit; and
  - Without the presence of Executive Directors and Management, matters which they would want to bring to the attention of the Audit Committee;
- Reviewed the audited financial statements and the relevant reports in the Annual Report before recommending for the Board's approval;
- Reviewed and approved the appointment of the outsourced internal auditors; and
- Reviewed and discussed with the outsourced internal auditors their audit plan for the financial year ending 31 August 2015.

INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit function to a professional service firm which is independent of the activities and operations of the Group. As the Company was only listed on the Main Market of Bursa Securities on 23 July 2014 and the outsourced internal auditors were appointed subsequent to FYE 31 August 2014, no internal audit activities/costs were carried out/incurred in FYE 31 August 2014.

Subsequent to FYE 31 August 2014, the Audit Committee has approved the internal audit plan for the financial year ending 31 August 2015 whereby the outsourced internal auditors shall carry out an internal control assessment on the Group to identify potential areas with weak internal controls, non-compliance with policies and procedures and/or unsound business practices, and to provide recommendations to address areas with internal control weaknesses. As at the date of approval for issuance of this Report, the outsourced internal auditors have commenced assessing the Group's internal control system, beginning with sales and distribution, and procurement cycles, and will continue with other areas/cycles over the course of the financial year.

This Report is approved for issuance pursuant to the resolution of the Board dated 5 January 2015.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("the Board") of Sasbadi Holdings Berhad ("Sasbadi Holdings" or "the Company") is pleased to present the following Statement on Risk Management and Internal Control of Sasbadi Holdings and its subsidiaries ("the Group") for the financial year ended ("FYE") 31 August 2014. This Statement has been prepared in accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control with the support and endorsement of Bursa Malaysia Securities Berhad ("Bursa Securities").

BOARD RESPONSIBILITY

The Board recognises the importance of having effective governance embedding risk management and internal control processes in order for the Group to achieve its objectives and sustain growth and success in its business operations. In this regard, the Board acknowledges its overall responsibility for maintaining a sound risk management and internal control system and for reviewing their adequacy and effectiveness in order to safeguard stakeholders' investments and the Group's assets. While maintaining overall responsibility, the Board has delegated its functions pertaining to risk management and internal controls to the Audit Committee. In addition, the Board/Audit Committee is assisted by the Management in the implementation of the policies and procedures established by the Board on risk management and internal controls.

The Board, however, recognises that, due to the limitations inherent in any internal control system, the system is designed to manage, and not to eliminate, the risk of failure to achieve the Group's business objectives, and it can only provide reasonable but not absolute assurance against material misstatement of financial information and records, or against financial losses or fraud.

RISK MANAGEMENT

During its listing exercise, Sasbadi Holdings had undertaken the process of identifying and assessing the principal risks faced by the Group in its operations, and disclosure of the risks together with the measures taken to manage or mitigate the risks was made in the Company's Prospectus dated 7 July 2014. In this regard, the Group will, in the current financial year ending 31 August 2015, formalise and adopt a risk management framework whereby there will be an on-going process to identify the risks faced by the Group, to evaluate the potential impact of the risks, to implement an appropriate system to manage the risks, and to monitor the risks on a continuous basis.

INTERNAL CONTROL SYSTEM

As at the date of approval for issuance of this Statement, the key elements of the Group's internal control system include, among others, the following:

- Defined organisation structure with proper segregation of duties, responsibilities and authorities;
- Board Committees (i.e. Audit Committee, Nomination Committee and Remuneration Committee) which undertake their duties and responsibilities according to their delegated functions as set out in their respective Terms of Reference;
- Formalised Code of Conduct and Whistleblowing Policy which were adopted by the Board on 5 January 2015;
- Documentation of key business processes and authority limits matrix to ensure decisions are made by the relevant individuals/groups within the authority limits established;
- Periodic Board and Management sub-group meetings to discuss financial performance and operational matters;
- Outsourced internal audit function which reports to the Audit Committee;
- Employment procedures and process to facilitate the recruitment and evaluation of employees; and
- Insurance coverage on the Group's assets.

The Group will incorporate the above elements of internal control system into the formalised risk management framework.

INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit function to a professional service firm which is independent of the activities and operations of the Group. The outsourced internal auditors, which report directly to the Audit Committee, shall carry out their functions in accordance to the standards set by the relevant professional bodies.

As the Company was only listed on the Main Market of Bursa Securities on 23 July 2014 and the outsourced internal auditors were appointed subsequent to FYE 31 August 2014, no internal audit activities were carried out in FYE 31 August 2014.

Subsequent to FYE 31 August 2014, the Audit Committee has approved the internal audit plan for the financial year ending 31 August 2015 whereby the outsourced internal auditors shall carry out an internal control assessment on the Group to identify potential areas with weak internal controls, non-compliance with policies and procedures and/or unsound business practices, and to provide recommendations to address areas with internal control weaknesses. As at the date of approval for issuance of this Statement, the outsourced internal auditors have commenced the assessment of the Group's internal control system, beginning with sales and distribution, and procurement cycles, and will continue with other areas/cycles over the course of the financial year.

WEAKNESSES IN INTERNAL CONTROLS WHICH RESULTED IN MATERIAL LOSSES, IF ANY

During FYE 31 August 2014 and up to the date of approval for issuance of this Statement, there were no material losses incurred by the Group arising from weaknesses in its internal control system.

CONCLUSION

Based on the foregoing, the Board is of the view that the Group's risk management and internal control system is adequate and effective. Nevertheless, the Board acknowledges that there is a need for a formal risk management framework and undertakes to formalise it in the current financial year ending 31 August 2015.

The Board has also received assurance from the Group Managing Director and the Finance Manager that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the existing risk management and internal control system of the Group.

The external auditors have reviewed this Statement of Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for FYE 31 August 2014, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Lister Issuers, or

(b) is factually inaccurate.

RPG 5 (Revised) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequancy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This Statement is approved for issuance pursuant to the resolution of the Board dated 5 January 2015.

Additional Compliance Information

UTILISATION OF PROCEEDS FROM PUBLIC ISSUE

Sasbadi Holdings Berhad ("Sasbadi Holdings" or "the Company") was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 23 July 2014 ("Listing"). In conjunction with the Listing, the Company undertook a public issue of 21,200,000 new ordinary shares of RM0.50 each at an issue price of RM1.19 per share ("Public Issue"), raising gross proceeds of RM25.228 million. The status of the utilisation of the gross proceeds from the Public Issue as at 5 January 2015 is as follows:

Purpose	Proposed utilisation	Actual utilisation	Deviation	Balance	Estimated timeframe for utilisation (from the listing date)
	RM'000	RM'000	RM'000	RM'000	
Establishment of applied learning centres	1,000	-	-	1,000	Within two (2) years
Part-financing of proposed acquisition of publishing businesses	10,500^	-	-	10,500	Within two (2) years
Financing of the acquisition of intellectual property rights	1,000^	(1,000)	-	-	Within one (1) year
Financing of proposed acquisition of an office cum warehouse building	7,000	-	-	7,000	Within two (2) years
Working capital	2,728	(2,379)	(349)*	-	Within one (1) year
Estimated listing expenses	3,000	(3,349)	349*	-	Upon listing
Total gross proceeds	25,228	(6,728)	-	18,500	

Note: *The utilisation of proceeds as disclosed above should be read in conjunction with Section 3.6 of the Company's Prospectus dated 7 July 2014.*

^ *Revised as per the Company's announcement dated 29 October 2014.*

* *The actual listing expenses incurred were more than the estimated listing expenses by RM0.349 million. In accordance with Section 3.6 of the Company's Prospectus dated 7 July 2014, the deficit was funded out of the portion allocated for working capital.*

SHARE BUY-BACK

The Company did not have a share buy-back programme in place during the financial year ended 31 August 2014.

OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options or convertible securities during the financial year ended 31 August 2014.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 31 August 2014.

SANCTIONS AND/OR PENALTIES

There were no sanctions and/ or penalties imposed on the Company and its subsidiaries ("the Group"), Directors or Management by the relevant regulatory bodies during the financial year ended 31 August 2014.

Additional Compliance Information

NON-AUDIT FEES

The Company incurred non-audit fees amounting to RM323,000 for services rendered by external auditors to the Group during the financial year ended 31 August 2014. The non-audit services provided by the external auditors were mainly in relation to their role as the reporting accountants to the Company's Listing.

VARIATION IN RESULTS

There was no material variation between the audited results for the financial year ended 31 August 2014 and the unaudited results announced by the Company to Bursa Securities previously.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not issue any profit estimate, forecast or projection for the financial year ended 31 August 2014.

PROFIT GUARANTEE

The Company did not provide any profit guarantee during the financial year ended 31 August 2014.

MATERIAL CONTACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and/or its subsidiaries involving the interest of Directors and/or major shareholders, either subsisting at the end of the financial year ended 31 August 2014 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS

There were no material recurrent related party transactions entered into by the Group during the period from 23 July 2014 (date of listing) up to the end of the financial year ended 31 August 2014.

Statement on Directors' Responsibility

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year under review and their results and cash flows for the financial year then ended. As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia.

Therefore, in preparing the financial statements of the Group and the Company for the year ended 31 August 2014, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are prudent and reasonable;
- ensured applicable approved accounting standards have been complied with, subject to any material departures being disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and the Company and to prevent and detect fraud and other such irregularities.

This statement is made in accordance with the resolution of the Board dated 5 January 2015.

Financial Statements

Directors' Report
for the financial year ended 31 August 2014

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 August 2014.

Principal activities

The Company is principally engaged in investment holding activities, whilst the principal activities of its subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	12,251	1,707

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividend

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year ended 31 August 2014.

Directors of the Company

Directors who served since the date of the last report are:

Dato' Salleh Bin Mohd Husein
Law King Hui
Lee Swee Hang
Lee Eng Sang
Law En Ruey
Dato' Noor Rezan Binti Bapoo Hashim
Lim Hun Soon @ David Lim

Directors' interests

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.9.2013	Bought	Sold	At 31.8.2014
Interests in the Company:				
Dato' Salleh Bin Mohd Husein	-	100,000	-	100,000
Law King Hui	-	52,900,000	(27,500,000)	25,400,000
Lee Swee Hang	-	26,450,000	(13,750,000)	12,700,000
Lee Eng Sang	-	26,450,000	(20,100,000)	6,350,000
Law En Ruey	-	150,000	-	150,000
Dato' Noor Rezan Binti Bapoo Hashim	-	100,000	-	100,000
Lim Hun Soon @ David Lim	-	100,000	-	100,000
Deemed interests in the Company:				
Law King Hui(1)	-	25,400,000	-	25,400,000
Lee Swee Hang(1)	-	25,400,000	-	25,400,000
Lee Eng Sang(1)	-	25,400,000	-	25,400,000

Notes:

(1) Deemed interested by virtue of their interests in Karya Kencana Sdn. Bhd. pursuant to Section 6A of the Companies Act 1965.

By virtue of their interests in the ordinary shares of the Company, Law King Hui, Lee Swee Hang and Lee Eng Sang are also deemed interested in the ordinary shares of the subsidiaries during the financial year to the extent that Sasbadi Holdings Berhad has an interest.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who had interests in companies which traded with certain companies in the Group in the ordinary course of business.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

On 19 May 2014, the authorised share capital of the Company was increased from 200,000 ordinary shares of RM0.50 each to 1,000,000,000 ordinary shares of RM0.50 each.

During the financial year, the Company issued:

a) 105,799,996 new ordinary shares of RM0.50 each at par as the total consideration of RM52,899,998 for the acquisition of Sasbadi Sdn. Bhd. as disclosed in Note 27; and

b) 21,200,000 new ordinary shares of RM0.50 each as part of the Initial Public Offering at RM1.19 per ordinary share.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 August 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report
for the financial year ended 31 August 2014

Significant events during the financial year

Significant events during the financial year are disclosed in Note 27 to the financial statements.

Subsequent events

Subsequent events after the financial year are disclosed in Note 28 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Law King Hui

....

Lee Swee Hang

Kuala Lumpur,

Date: 26 December 2014

Statements of Financial Position
as at 31 August 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Assets					
Property, plant and equipment	3	30,261	28,023	-	-
Intangible assets	4	4,950	-	-	-
Investments in subsidiaries	5	-	-	53,258	-
Other investments	6	37	37	-	-
Total non-current assets		35,248	28,060	53,258	-
Inventories	7	20,215	15,033	-	-
Current tax assets		741	154	-	-
Trade and other receivables	8	31,163	19,965	3,017	-
Prepayments		884	758	24	175
Dividend receivable		-	-	3,000	-
Cash and cash equivalents	9	26,290	12,044	18,552	*
Total current assets		79,293	47,954	24,593	175
Total assets		114,541	76,014	77,851	175
Equity					
Share capital	10	63,500	*	63,500	*
Share premium		13,461	-	13,461	-
Reserves		16,748	63,641	845	(862)
Surplus/(Deficit) in equity attributable to owners of the Company		93,709	63,641	77,806	(862)
Liabilities					
Borrowings	11	198	297	-	-
Deferred tax liabilities	12	4,332	4,040	-	-
Total non-current liabilities		4,530	4,337	-	-
Borrowings	11	5,827	249	-	-
Provisions	13	1,683	1,061	-	-
Trade and other payables	14	8,004	6,535	45	1,037
Current tax liabilities		788	191	-	-
Total current liabilities		16,302	8,036	45	1,037
Total liabilities		20,832	12,373	45	1,037
Total equity and liabilities		114,541	76,014	77,851	175

* Denotes RM2

The notes on pages 64 to 129 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income
for the financial year ended 31 August 2014

	Note	Group 1.9.2013 to 31.8.2014 RM'000	Group 1.9.2012 to 31.8.2013 RM'000	Company 1.9.2013 to 31.8.2014 RM'000	Company 30.10.2012 to 31.8.2013 RM'000
Revenue		79,509	77,964	3,000	-
Cost of sales		(42,762)	(45,831)	-	-
Gross profit		36,747	32,133	3,000	-
Other operating income		221	806	-	-
Distribution expenses		(6,612)	(5,535)	-	-
Administrative expenses		(9,808)	(8,503)	-	-
Other operating expenses		(3,339)	(1,338)	(1,348)	(862)
Operating profit/(loss)		17,209	17,563	1,652	(862)
Interest income		132	173	55	-
Finance costs	18	(456)	(73)	-	-
Profit/(Loss) before tax		16,885	17,663	1,707	(862)
Tax expense	19	(4,634)	(4,909)	-	-
Profit/(Loss) for the financial year/period	15	12,251	12,754	1,707	(862)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation surplus on property, plant and equipment	16	2,256	-	-	-
Total comprehensive income/(expense) for the financial year/period		14,507	12,754	1,707	(862)

Statements of Profit or Loss and Other Comprehensive Income
for the financial year ended 31 August 2014

	Note	Group 1.9.2013 to 31.8.2014 RM'000	Group 1.9.2012 to 31.8.2013 RM'000	Company 1.9.2013 to 31.8.2014 RM'000	Company 30.10.2012 to 31.8.2013 RM'000
Profit/(Loss) attributable to:					
Owners of the Company		12,251	12,754	1,707	(862)
Total comprehensive income/ (expense) attributable to:					
Owners of the Company		14,507	12,754	1,707	(862)
Basic earnings per ordinary share (sen)	21	11.32	12.05		

The notes on pages 64 to 129 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the financial year ended 31 August 2014

Group	<----Non-distributable			---->	Distributable	
	Share capital RM'000	Share premium RM'000	Merger reserve / (deficit) RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 September 2012	*	-	2,400	11,340	37,147	50,887
Profit and total comprehensive income for the financial year	-	-	-	-	12,754	12,754
At 31 August 2013/1 September 2013	*	-	2,400	11,340	49,901	63,641
Contributions by and distributions to owners of the Company						
Dividends paid by a subsidiary to the previous owners (Note 20)	-	-	-	-	(8,500)	(8,500)
Effect of acquisition of a subsidiary	52,900	-	(52,900)	-	-	-
Issue of ordinary shares	10,600	14,628	-	-	-	25,228
Share issuance expenses	-	(1,167)	-	-	-	(1,167)
Total transactions with owners of the Company	63,500	13,461	(52,900)	-	(8,500)	15,561
Revaluation surplus on property, plant and equipment	-	-	-	2,256	-	2,256
Total other comprehensive income	-	-	-	2,256	-	2,256
Profit for the financial year	-	-	-	-	12,251	12,251
Total comprehensive income for the financial year	-	-	-	2,256	12,251	14,507
At 31 August 2014	63,500	13,461	(50,500)	13,596	53,652	93,709
	Note 10.1	Note 10.2	Note 10.3	Note 10.4		

* Denotes RM2

Statement of Changes in Equity
for the financial year ended 31 August 2014

Company	Non-distributable Share capital RM'000	Non-distributable Share premium RM'000	Distributable (Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
At 30 October 2012 (date of incorporation)	*	-	-	*
Loss/Total comprehensive expense for the financial period	-	-	(862)	(862)
At 31 August 2013/1 September 2013	*	-	(862)	(862)
Contributions by and distributions to owners of the Company				
Effect of acquisition of a subsidiary	52,900	-	-	52,900
Issue of ordinary shares	10,600	14,628	-	25,228
Share issuance expenses	-	(1,167)	-	(1,167)
Total transactions with owners of the Company	63,500	13,461	-	76,961
Profit/Total comprehensive income for the financial year	-	-	1,707	1,707
At 31 August 2014	63,500	13,461	845	77,806
	Note 10.1	Note 10.2		

* Denotes RM2

The notes on pages 64 to 129 are an integral part of these financial statements.

Statements of Cash Flows
for the financial year ended 31 August 2014

	Note	Group 1.9.2013 to 31.8.2014 RM'000	Group 1.9.2012 to 31.8.2013 RM'000	Company 1.9.2013 to 31.8.2014 RM'000	Company 30.10.2012 to 31.8.2013 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		16,885	17,663	1,707	(862)
Adjustments for:					
Depreciation on property, plant and equipment	3	2,034	1,916	-	-
Gain on disposal of property, plant and equipment		(41)	(131)	-	-
Amortisation of intangible assets	4	550	-	-	-
Listing expenses		1,330	852	1,330	852
Interest expense		373	35	-	-
Interest income		(132)	(173)	(55)	-
Provision for sales returns	13	622	1,061	-	-
Operating profit/(loss) before changes in working capital		21,621	21,223	2,982	(10)
Changes in inventories		(5,182)	6,459	-	-
Changes in trade and other receivables and prepayments		(11,499)	(6,043)	(6,399)	-
Changes in trade and other payables		1,469	616	(992)	1,037
Cash generated from/(used in) operations		6,409	22,255	(4,409)	1,027
Interest paid		(349)	(9)	-	-
Interest received		132	173	55	-
Tax paid		(5,084)	(4,248)	-	-
Net cash generated from/(used in) operating activities		1,108	18,171	(4,354)	1,027
Cash flows from investing activities					
Acquisition of intangible assets	4	(5,500)	-	-	-
Acquisition of property, plant and equipment	3	(1,264)	(1,348)	-	-
Proceeds from disposal of property, plant and equipment		41	131	-	-
Net cash used in investing activities		(6,723)	(1,217)	-	-

Statements of Cash Flows
for the financial year ended 31 August 2014

	Note	Group 1.9.2013 to 31.8.2014 RM'000	Group 1.9.2012 to 31.8.2013 RM'000	Company 1.9.2013 to 31.8.2014 RM'000	Company 30.10.2012 to 31.8.2013 RM'000
Cash flows from financing activities					
Interest paid		(24)	(26)	-	-
Listing expenses paid		(2,322)	(1,027)	(2,322)	(1,027)
Repayment of finance lease liabilities		(249)	(266)	-	-
Gross proceeds from issuance of shares		25,228	-	25,228	-
Dividends paid to previous owners of a subsidiary	20	(8,500)	(16,125)	-	-
Net cash generated from/(used in) financing activities		14,133	(17,444)	22,906	(1,027)
Net increase/(decrease) in cash and cash equivalents		8,518	(490)	18,552	-
Cash and cash equivalents at beginning of the financial year/ date of incorporation		12,044	12,534	*	*
Cash and cash equivalents at end of the financial year/period	(i)	20,562	12,044	18,552	*

(i) Cash and cash equivalents

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

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash and bank balances	26,251	6,977	18,552	*
Deposit placed with a licensed bank	39	39	-	-
Liquid investments	-	5,028	-	-
	26,290	12,044	18,552	*
Less: Bank overdraft	(5,728)	-	-	-
	20,562	12,044	18,552	*

* Denotes RM2

The notes on pages 64 to 129 are an integral part of these financial statements.

Notes to the Financial Statements

Sasbadi Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Lot 12, JalanTeknologi 3/4
Taman Sains Selangor 1
Kota Damansara
47810 Petaling Jaya
Selangor

Registered office
Suite 11.1A, Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 August 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 August 2014 do not include other entities.

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 26 December 2014.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014 (continued)

- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- 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*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 September 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014 and 1 July 2014, except for Amendments to MFRS 12, IC Interpretation 21, Amendments to MFRS 2, Amendments to MFRS 119 and Amendments to MFRS 140 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 September 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to MFRS 11, MFRS 14 and Amendments to MFRS 119 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 September 2017 for those accounting standards, amendments or interpretations 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, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group and the Company except as mentioned below:

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*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Group's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

(b) Presentation format

As disclosed in Note 27.3(b), the Company entered into a business combination exercise with Sasbadi Sdn. Bhd., hereinafter referred to as "the Acquisition".

The implication of the merger accounting on the presentation of the consolidated financial statements is as follows:

i) The consolidated statements of financial position for the current reporting period comprise the consolidation of:
- the financial position of the subsidiaries as at 31 August 2014; and
- the financial position of the Company as at 31 August 2014.

ii) The consolidated statements of financial position for the comparative period comprise the consolidation of:
- the financial position of Sasbadi Sdn. Bhd. and its subsidiaries as at 31 August 2013; and
- the financial position of the Company as at 31 August 2013.

iii) The consolidated statements of profit or loss and other comprehensive income and cash flows for the current reporting period comprise the consolidation of:
- the financial results and cash flows of the subsidiaries for the financial year ended 31 August 2014; and
- the financial results and cash flows of the Company for the financial year ended 31 August 2014.

iv) The consolidated statements of profit or loss and other comprehensive income and cash flows for the comparative period comprise the consolidation of:
- the financial results and cash flows of Sasbadi Sdn. Bhd. and its subsidiaries for the financial year ended 31 August 2013; and
- the financial results and cash flows of the Company for the 10 months period from 30 October 2012 to 31 August 2013.

1. Basis of preparation (continued)

(b) Presentation format (continued)

v) The consolidated statement of changes in equity for the current reporting period comprises:
- the opening equity balances of the subsidiaries as at 1 September 2013 and the equity transactions for the financial year ended 31 August 2014; and
- the opening equity balances of the Company as at 1 September 2013 and the equity transactions for the financial year ended 31 August 2014.

vi) The consolidated statement of changes in equity for the comparative period comprises:
- the consolidated statement of changes in equity of Sasbadi Sdn. Bhd. and its subsidiaries for the financial year ended 31 August 2013; and
- the equity transactions of the Company for the 10 months period from 30 October 2012 to 31 August 2013.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(d) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(e) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effects on the amounts recognised in the financial statements other than valuation of condominiums, land and buildings and provision for sales returns as disclosed in Note 3 and Note 13 respectively.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial period. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisition the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Restructuring among common shareholders

During a restructuring where the combining entities are controlled by the same parties both before and after the combination, book value accounting is applied. The assets and liabilities acquired are recognised in the consolidated financing statements at their respective carrying amounts without restatement. The differences between the cost of acquisition and the nominal value of the shares acquired are taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences). The other components of equity of the acquired entities are added to the same components within group equity.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2. Significant accounting policies (continued)

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise and measure financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Other financial assets categorised as fair value through profit or loss are subsequently measured at the fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at the fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(c) Available-for-sale financial assets (continued)

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(i)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair values arising for financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as provision.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group revalues its property comprising condominiums and leasehold land and buildings every 4 to 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Additions subsequent to the date of valuation are stated at cost until the next revaluation exercise.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchange between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeable, prudently and without compulsion. The fair value of other items of property, plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative years are as follows:

Condominiums	50 years
Buildings	50 years
Motor vehicles	5 years
Office equipment, furniture and fittings	10 years
Renovation	10 years
Computers	3 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(ii) Operating lease

Leases where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

Intellectual properties	10 years

Amortisation methods, useful lives, and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in first-out method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

2. Significant accounting policies (continued)

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2. Significant accounting policies (continued)

(i) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

2. Significant accounting policies (continued)

(i) Impairment (continued)

(ii) Other assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies (continued)

(k) Employee benefits (continued)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Sales returns

A provision for sales returns is recognised based on the estimated liabilities arising from the returns of goods sold by the customers. The estimated liabilities are made after taking into consideration the historical trend of sales returns.

(m) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

2. Significant accounting policies (continued)

(m) Revenue and other income (continued)

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

2. Significant accounting policies (continued)

(o) Tax expense (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is not presented as the Group has no shares or other instruments with potential dilutive effects.

2. Significant accounting policies (continued)

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(r) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefits of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

2. Significant accounting policies (continued)

(s) Fair value measurements

From 1 September 2013, the Group adopted MFRS 13, Fair Value Measurement which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

3. Property, plant and equipment

Group *Cost/Valuation*	Condominiums RM'000	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovation RM'000	Computers RM'000	Total RM'000
At 1 September 2012	298	10,550	13,550	7,349	1,544	268	1,036	34,595
Additions	-	-	-	1,116	65	-	167	1,348
Disposals	-	-	-	(586)	-	-	-	(586)
At 31 August 2013/1 September 2013	298	10,550	13,550	7,879	1,609	268	1,203	35,357
Additions	-	-	-	922	198	-	144	1,264
Disposals	-	-	-	(140)	-	-	-	(140)
Adjustment for revaluation	-	800	1,100	-	-	-	-	1,900
At 31 August 2014	298	11,350	14,650	8,661	1,807	268	1,347	38,381
Representing items at:								
Cost	-	-	-	8,661	1,807	268	1,347	12,083
Directors' valuation	298	11,350	14,650	-	-	-	-	26,298
At 31 August 2014	298	11,350	14,650	8,661	1,807	268	1,347	38,381

3. Property, plant and equipment (continued)

Group *Depreciation and impairment loss*	Condominiums RM'000	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovation RM'000	Computers RM'000	Total RM'000
At 1 September 2012	-	-	-	4,013	972	216	803	6,004
Depreciation for the year	4	215	339	1,053	146	7	152	1,916
Disposals	-	-	-	(586)	-	-	-	(586)
At 31 August 2013/1 September 2013	4	215	339	4,480	1,118	223	955	7,334
Depreciation for the year	4	215	339	1,182	149	7	138	2,034
Disposals	-	-	-	(140)	-	-	-	(140)
Adjustments for revaluation	-	(430)	(678)	-	-	-	-	(1,108)
At 31 August 2014	8	-	-	5,522	1,267	230	1,093	8,120
Carrying amounts								
At 31 August 2013/1 September 2013	294	10,335	13,211	3,399	491	45	248	28,023
At 31 August 2014	290	11,350	14,650	3,139	540	38	254	30,261

3. Property, plant and equipment (continued)

Titles

The strata title for the condominiums and individual title for the leasehold land have not yet been issued to a subsidiary. The lease period of the leasehold land expires on 21 November 2061.

Revaluation

The Group's condominiums, leasehold land and buildings are stated at Directors' valuation which is supported by the professional valuation done in April 2014 by an external independent valuation company, City Valuers & Consultants Sdn. Bhd., using the "Market Value" basis of valuation.

Had the condominiums, leasehold land and buildings been carried at historical cost less accumulated depreciation, the carrying amounts of the revalued assets that would have been included in the financial statements at the end of the financial year are as follows:

	Group	
	2014 RM'000	2013 RM'000
Leasehold land	2,248	2,296
Condominiums	252	261
Buildings	6,785	6,964
	9,285	9,521

Finance lease liabilities

Included in property, plant and equipment of the Group are motor vehicles acquired under finance lease arrangements with carrying amounts of RM869,000 (2013: RM1,239,000).

Security

Certain land and buildings of the Group with carrying amounts of RM26,083,000 (2013: RM23,630,000) were charged to banks as security for banking facilities granted to the Group.

3. Property, plant and equipment (continued)

Fair value information

Fair value of properties are categorised as follows:

31.8.2014	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
Leasehold land	-	-	11,350	11,350
Condominiums	-	-	290	290
Buildings	-	-	14,650	14,650
	-	-	26,290	26,290

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the property, either directly or indirectly.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer between Level 1 and 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year ended 31 August 2014 (2013 - no transfers between levels).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs, or observable inputs with significant adjustments for the property.

3. Property, plant and equipment (continued)

Fair value information (continued)

Level 3 fair value (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method of valuation which entails comparing the property with similar properties that were sold recently and those that are currently offered for sale in the vicinity.	Recent transactions of similar properties at or near reporting date with similar land usage, land size and location. The characteristics, merits and disadvantages of these properties are noted and diligent adjustments thereof are then made by valuer to reflect the differences and to arrive at the value of the property.	The estimated fair value would increase (decrease) if recent transactions of similar properties at or near reporting date with similar land usage, land size and location were higher (lower).

Valuation processes applied by the Group for Level 3 fair value

The fair values of properties are determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the locations and categories of properties being valued. Changes in Level 3 fair values are analysed by the management every 4 to 5 years, or at shorter intervals if the fair values of the properties are expected to differ materially from their carrying values, after obtaining valuation report from the valuation company.

4. Intangible assets

Group	Note	Intellectual properties RM'000
Cost		
At 1 September 2012/31 August 2013/1 September 2013		-
Additions	4.1	5,500
At 31 August 2014		5,500
Accumulated amortisation and impairment loss		
At 1 September 2012/31 August 2013/1 September 2013		-
Amortisation for the year	4.1	550
At 31 August 2014		550
Carrying amount		
At 31 August 2013/1 September 2013		-
At 31 August 2014		4,950

4.1 Intellectual properties

The carrying amount of intellectual properties represents the acquisition of the publishing rights and production files for a list of titles consisting mainly of National School Curriculum based educational materials from Pearson Malaysia Sdn. Bhd.. The intellectual properties are amortised over 10 years as the management estimates that the intellectual properties can be used for commercial activities for a duration of 10 years.

5. Investments in subsidiaries

	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares, at cost	53,258	-

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2014 %	Effective ownership interest and voting interest 2013 %
Sasbadi Sdn. Bhd.	Malaysia	Publisher of printed educational materials, distribution of applied learning products, and trading of paper	100	-
Maya Press Sdn. Bhd.	Malaysia	Imprint for general titles	100	-
Orbit Buku Sdn. Bhd.	Malaysia	Publisher of supplementary educational materials	100	-
Sasbadi Online Sdn. Bhd.	Malaysia	Publisher of online educational resources	100	-
Malaysian Book Promotions Sdn. Bhd.	Malaysia	Publishing and distribution of printed educational materials and organiser of book fairs and exhibitions	100	-
MBP Publications Sdn. Bhd.	Malaysia	Imprint for printed educational materials	100	-
Sasbadi Learning Solutions Sdn. Bhd.	Malaysia	Dormant	100	-

Maya Press Sdn. Bhd. and Malaysian Book Promotions Sdn. Bhd. are audited by other firms of chartered accountants. The subsidiaries are consolidated based on their audited financial statements for the financial year ended 31 August 2014.

6. Other investments

	Group	
	2014 RM'000	2013 RM'000
Available for sales financial assets		
At cost		
Club membership	37	37

7. Inventories

	Group	
	2014 RM'000	2013 RM'000
Raw materials	3,138	2,367
Finished goods	17,077	12,666
	20,215	15,033
Recognised in profit or loss:		
Inventories recognised as cost of sales	28,945	32,127
Write-down to net realisable value	-	1,001

8. Trade and other receivables

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current					
Trade					
Trade receivables	8.1	31,329	19,367	-	-
Less: Allowance for impairment losses		(423)	(226)	-	-
		30,906	19,141	-	-
Non-trade					
Amount due from a subsidiary	8.2	-	-	3,017	-
Other receivables and deposits	8.3	257	824	-	-
		257	824	3,017	-
		31,163	19,965	3,017	-

8.1 Trade receivables

Included in trade receivables of the Group as at 31 August 2013 was RM2,791,000 due from a company controlled by a close family member of a Director of the Company. During the financial year under review, the close family member of the Director ceased to have control in the company.

8. Trade and other receivables (continued)

8.2 Amount due from a subsidiary – non-trade

The amount due from a subsidiary that is non-trade in nature is unsecured, interest free and repayable on demand.

8.3 Other receivables and deposits

Included in other receivables and deposits of the Group in the previous financial year was a deposit of RM550,000 paid to Pearson Malaysia Sdn. Bhd. to acquire the publishing rights and production files for a list of titles consisting mainly of National School Curriculum based educational materials. The transaction was completed on 30 September 2013 (refer to Note 27.2).

9. Cash and cash equivalents

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	26,251	6,977	18,552	*
Deposit placed with a licensed bank	39	39	-	-
Liquid investments	-	5,028	-	-
	26,290	12,044	18,552	*

* Denotes RM2

The Directors regard liquid investments as cash and cash equivalents when they are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in fair value.

10. Capital and reserves

10.1 Share capital

	Group and Company			
	Number of shares 2014 '000	Amount 2014 RM'000	Number of shares 2013 '000	Amount 2013 RM'000
Ordinary shares of RM0.50 each:				
Authorised:				
At 1 September/date of incorporation	200	100	100	100
Share split	-	-	100	-
Increase of shares	999,800	499,900	-	-
At 31 August	1,000,000	500,000	200	100
Issued and fully paid:				
At 1 September/date of incorporation	***	*	**	*
Share split	-	-	**	-
Issued for acquisition of a subsidiary	105,800	52,900	-	-
Public issue	21,200	10,600	-	-
At 31 August	127,000	63,500	***	*

* Denotes RM2
** Denotes 2 ordinary shares
*** Denotes 4 ordinary shares

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

10. Capital and reserves (continued)

10.2 Share premium

Share premium comprises the premium paid on subscriptions of shares in the Company over and above the par value of the shares.

10.3 Merger reserve/(deficit)

The merger reserve/(deficit) comprises the differences between the cost of acquisition and the nominal value of shares acquired during the acquisition of Sasbadi Sdn. Bhd. as stated in Note 27.3 (b).

10.4 Revaluation reserve

The revaluation reserve relates to the revaluation of condominiums, leasehold land and buildings.

11. Borrowings

	Group	
	2014 RM'000	2013 RM'000
Non-current		
Finance lease liabilities	198	297
Current		
Bank overdraft - secured	5,728	-
Finance lease liabilities	99	249
	5,827	249
	6,025	546

11. Borrowings (continued)

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group

	Future minimum lease payments 2014 RM'000	Interest 2014 RM'000	Present value of minimum lease payments 2014 RM'000	Future minimum lease payments 2013 RM'000	Interest 2013 RM'000	Present value of minimum lease payments 2013 RM'000
Less than one year	111	(12)	99	273	(24)	249
Between one and five years	221	(23)	198	332	(35)	297
	332	(35)	297	605	(59)	546

Security

The bank overdraft facility is secured by way of:

(a) Charge over the land and buildings (Note 3); and
(b) Joint and several guarantee by certain Directors of the Company.

12. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group 2014 RM'000	Group 2013 RM'000
Property, plant and equipment		
- capital allowance	370	410
- revaluation	4,301	3,630
Provisions	(339)	-
	4,332	4,040

12. Deferred tax liabilities (continued)

Movement in temporary differences during the financial year:

	At 1.9.2012 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.8.2013/ 1.9.2013 RM'000	Recognised in profit or loss (Note 19) RM'000	Recognised directly in equity (Note 16) RM'000	At 31.8.2014 RM'000
Property, plant and equipment						
- capital allowance	150	260	410	(40)	-	370
- revaluation	3,661	(31)	3,630	(81)	752	4,301
Provisions	-	-	-	(339)	-	(339)
	3,811	229	4,040	(460)	752	4,332

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group 2014 RM'000	2013 RM'000
Unutilised tax losses	814	779
Property, plant and equipment	(84)	(54)
Other deductible temporary differences	194	81
	924	806

The deductible temporary differences and unutilised tax losses do not expire under current tax legislation. The utilisation of the unrecognised deferred tax assets as disclosed above is depending on the future taxable profits of the Group entities.

13. Provisions

	Group RM'000
Sales returns	
At 1 September 2012	-
Provisions made during the year	1,061
At 31 August 2013/1 September 2013	1,061
Provisions made during the year	622
At 31 August 2014	1,683

During the previous financial year, the Group set up a formal policy for the provision of sales returns from customers. The estimated liabilities are made after taking into consideration the historical trends of sales returns.

14. Trade and other payables

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade					
Trade payables		2,171	2,009	-	-
Non-trade					
Amount due to a related party	14.1	-	-	-	1,035
Other payables and accrued expenses	14.2	5,833	4,526	45	2
		8,004	6,535	45	1,037

14.1 Amount due to a related party

The amount due to a related Directors' entity is unsecured, interest free and repayable on demand. In 2014, the Company had acquired the entire equity in that entity and it became a wholly-owned subsidiary upon completion of the transaction.

14.2 Other payables and accrued expenses

Included in other payables and accrued expenses of the Group are accrued royalties expenses of RM4,294,000 (2013: RM3,426,000).

Included in other payables and accrued expenses of the Group is an amount due to Directors of RM2,000 (2013: RM227,000).

15. Profit for the year

	Note	Group 1.9.2013 to 31.8.2014 RM'000	Group 1.9.2012 to 31.8.2013 RM'000	Company 1.9.2013 to 31.8.2014 RM'000	Company 30.10.2012 to 31.8.2013 RM'000
Profit/(Loss) for the year/period is arrived at after charging:					
Auditors' remuneration					
Audit services					
Auditors of the Company		150	90	50	10
Other auditors		6	3	-	-
Amortisation of intangible assets		550	-	-	-
Depreciation on property, plant and equipment	3	2,034	1,916	-	-
Impairment loss on					
- Trade receivables		197	130	-	-
Inventories write-down		-	1,001	-	-
Listing expenses		1,330	852	1,330	852
Personnel expenses (including key management personnel)					
- Contributions to Employees Provident Fund		1,409	1,322	-	-
- Wages, salaries and others		13,229	11,896	-	-
Provision for sales returns		622	1,061	-	-
Realised foreign exchange loss		14	63	-	-
Under provision for sales returns in prior year		1,345	-	-	-
and after crediting:					
Gain on disposal of property, plant and equipment		41	131	-	-
Dividend income from a subsidiary		-	-	3,000	-
Interest income		132	173	55	-
Reversal of impairment loss on					
- Trade receivables		-	22	-	-

16. Other comprehensive income

	Group Before tax RM'000	Group Tax expense RM'000	Group Net of tax RM'000
Items that will not be reclassified subsequently to profit or loss			
1.9.2013 to 31.8.2014			
Revaluation of property, plant and equipment	3,008	(752)	2,256
1.9.2012 to 31.8.2013			
Revaluation of property, plant and equipment	-	-	-

17. Key management personnel compensation

	Group		Company	
	1.9.2013 to 31.8.2014 RM'000	1.9.2012 to 31.8.2013 RM'000	1.9.2013 to 31.8.2014 RM'000	30.10.2012 to 31.8.2013 RM'000
Directors' remuneration:				
- Fees	380	218	150	-
- Other emoluments	2,223	1,437	-	-
	2,603	1,655	150	-

The estimated monetary value of Directors' benefit-in-kind of the Group is RM78,000 (2013: RM78,000).

18. Finance costs

	Group		Company	
	1.9.2013 to 31.8.2014 RM'000	1.9.2012 to 31.8.2013 RM'000	1.9.2013 to 31.8.2014 RM'000	30.10.2012 to 31.8.2013 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	349	9	-	-
- finance lease liabilities	24	26	-	-
Other finance charges	83	38	-	-
	456	73	-	-

19. Tax expense

	Group		Company	
	1.9.2013 to 31.8.2014 RM'000	1.9.2012 to 31.8.2013 RM'000	1.9.2013 to 31.8.2014 RM'000	30.10.2012 to 31.8.2013 RM'000
Recognised in profit or loss				
Current tax expense				
- current year	4,817	4,941	-	-
- prior year	277	(261)	-	-
Total current tax recognised in profit or loss	5,094	4,680	-	-
Deferred tax expense				
Origination and reversal of temporary differences	(137)	(1)	-	-
(Over)/Under provision in prior year	(242)	261	-	-
Crystallisation of deferred tax liability on revaluation surplus of properties	(81)	(31)	-	-
Total deferred tax recognised in profit or loss (Note 12)	(460)	229	-	-
Total income tax expense	4,634	4,909	-	-
Reconciliation of tax expense				
Profit/(Loss) before tax	16,885	17,663	1,707	(862)
Income tax using Malaysian tax rate of 25%	4,222	4,416	427	(216)
Effect of lower tax rate*	(50)	(50)	-	-
Non-deductible expenses	538	515	323	216
Tax exempt income	-	-	(750)	-
Unrecognised deferred tax assets	-	59	-	-
Recognition of previously unrecognised deferred tax assets	(30)	-	-	-
	4,680	4,940	-	-
Underprovision in prior year	35	-	-	-
Crystallisation of deferred tax liability on revaluation surplus of properties	(81)	(31)	-	-
Tax expense	4,634	4,909	-	-

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000. However, from year of assessment 2015 onwards, the Group will no longer be entitled to the preferential corporate tax of 20% on chargeable income up to RM500,000 in view of the Company's paid-up capital which is now above RM2.5 million.

20. Dividends

Dividends recognised by the Group:

	RM per share	Total amount RM'000	Date of payment
2014			
Paid by a subsidiary to the previous owners			
First interim 2014 (single tier)	1.04	2,500	3 April 2014
Second interim 2014 (single tier)	2.50	6,000	16 May 2014
		8,500	

21. Earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 August 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	1.9.2013 to 31.8.2014 RM'000	1.9.2012 to 31.8.2013 RM'000
Profit attributable to ordinary shareholders	12,251	12,754
	2014 '000	**2013 '000**
Weighted average number of ordinary shares at 31 August	108,188	105,800
	1.9.2013 to 31.8.2014 sen	**1.9.2012 to 31.8.2013 sen**
Basic earnings per ordinary share	11.32	12.05

In the calculation of earnings per share for financial year ended 31 August 2013, it is assumed that 105,800,000 ordinary shares were in issue since the inception of the Group.

Diluted earnings per ordinary share is not presented as the Group has no shares or other instruments with potential dilutive effects as at 31 August 2014.

22. Operating segments

The Group reportable segments are organised in accordance with the Group entities, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director ("GMD"), who is the chief operating decision maker, reviews internal management reports regularly. The principal activities of the Group entities are as disclosed in Note 5 to the financial statements.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the GMD. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets are measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the GMD. Segment total assets are used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the GMD. Hence, no disclosure is made on segment liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

22. Operating segments (continued)

Group 1.9.2013 to 31.8.2014	Sasbadi Holdings Berhad RM'000	Sasbadi Sdn. Bhd. RM'000	Sasbadi Online Sdn. Bhd. RM'000	Orbit Buku Sdn. Bhd. RM'000	Maya Press Sdn. Bhd. RM'000	Malaysian Book Promotions Sdn. Bhd. RM'000	MBP Publications Sdn. Bhd. RM'000	Sasbadi Learning Solutions Sdn. Bhd. RM'000	Total RM'000
Segment profit/(loss)	1,652	16,280	(184)	335	(5)	4,956	(7)	(7)	23,020
Included in the measure of segment profit/(loss) are:									
Revenue from external customers	-	69,713	1,529	1,129	-	7,138	-	-	79,509
Inter-company revenue	3,000	754	3	256	-	1,691	-	-	5,704
Not included in the measure of segment profit/(loss) but provided to GMD:									
Depreciation and amortisation	-	(2,544)	(39)	(1)	-	-	-	-	(2,584)
Finance costs	-	(455)	-	(1)	-	-	-	-	(456)
Tax expense	-	(3,339)	(55)	-	-	(1,240)	-	-	(4,634)
Interest income	55	77	-	-	-	-	-	-	132
Segmental assets	77,851	90,008	5,673	1,766	4	8,890	1	1	184,194
Included in the measure of segment assets are:									
Additions to non-current assets other than financial instruments and deferred tax assets	-	6,698	66	-	-	-	-	-	6,764

22. Operating segments (continued)

Group 1.9.2012 to 31.8.2013	Sasbadi Holdings Berhad RM'000	Sasbadi Sdn. Bhd. RM'000	Sasbadi Online Sdn. Bhd. RM'000	Orbit Buku Sdn. Bhd. RM'000	Maya Press Sdn. Bhd. RM'000	Malaysian Book Promotions Sdn. Bhd. RM'000	MBP Publications Sdn. Bhd. RM'000	Sasbadi Learning Solutions Sdn. Bhd. RM'000	Total RM'000
Segment profit/(loss)	(862)	17,573	3,091	(309)	(4)	(1)	-	-	19,488
Included in the measure of segment profit/(loss) are:									
Revenue from external customers	-	71,744	5,755	465	-	-	-	-	77,964
Inter-company revenue	-	36	33	5	-	-	-	-	74
Not included in the measure of segment profit/(loss) but provided to GMD:									
Depreciation and amortisation	-	(1,897)	(18)	(1)	-	-	-	-	(1,916)
Finance costs	-	(73)	-	-	-	-	-	-	(73)
Tax expense	-	(4,153)	(756)	-	-	-	-	-	(4,909)
Interest income	-	173	-	-	-	-	-	-	173
Segmental assets	175	74,208	7,066	960	1	70	-	-	82,480
Included in the measure of segment assets are:									
Additions to non-current assets other than financial instruments and deferred tax assets	-	1,161	187	-	-	-	-	-	1,348

22. Operating segments (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

	Group	
	1.9.2013 to 31.8.2014 RM'000	1.9.2012 to 31.8.2013 RM'000
Profit or loss		
Total profit for reportable segments	23,020	19,488
Elimination of inter-segment profits	(3,227)	(9)
Depreciation and amortisation	(2,584)	(1,916)
Finance costs	(456)	(73)
Interest income	132	173
Consolidated profit before tax	16,885	17,663

22. Operating segments (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items (continued)

Group	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Interest income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
1.9.2013 to 31.8.2014						
Total reportable segments	85,213	(2,584)	(456)	132	184,194	6,764
Elimination of inter-segment transactions or balances	(5,704)	-	-	-	(69,653)	-
Consolidated total	79,509	(2,584)	(456)	132	114,541	6,764
1.9.2012 to 31.8.2013						
Total reportable segments	78,038	(1,916)	(73)	173	82,480	1,348
Elimination of inter-segment transactions or balances	(74)	-	-	-	(6,466)	-
Consolidated total	77,964	(1,916)	(73)	173	76,014	1,348

22. Operating segments (continued)

Geographical segments

The Group operates primarily in Malaysia and as such, there are no geographical segment disclosures.

Major customers

The Group has a major customer, with revenue generated for the financial year ended 31 August 2014 amounting to RM6,025,000 (2013: RM8,057,000).

23. Financial instruments

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Available-for-sale financial assets ("AFS"); and
(c) Financial liabilities measured at amortised cost ("FL").

2014	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
Financial assets			
Group			
Other investments	37	-	37
Trade and other receivables	31,163	31,163	-
Cash and cash equivalents	26,290	26,290	-
	57,490	57,453	37
Company			
Trade and other receivables	3,017	3,017	-
Cash and cash equivalents	18,552	18,552	-
	21,569	21,569	-

23. Financial instruments (continued)

23.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
2014			
Financial liabilities			
Group			
Borrowings	(6,025)	(6,025)	-
Trade and other payables	(8,004)	(8,004)	-
	(14,029)	(14,029)	-
Company			
Trade and other payables	(45)	(45)	-
2013			
Financial assets			
Group			
Other investments	37	-	37
Trade and other receivables	19,965	19,965	-
Cash and cash equivalents	12,044	12,044	-
	32,046	32,009	37
Company			
Trade and other receivables	-	-	-
Cash and cash equivalents	*	*	-
	*	*	-
2013			
Financial liabilities			
Group			
Borrowings	(546)	(546)	-
Trade and other payables	(6,535)	(6,535)	-
	(7,081)	(7,081)	-
Company			
Trade and other payables	(1,037)	(1,037)	-

* Denotes RM2

23. Financial instruments (continued)

23.2 Net gains and losses arising from financial instruments

	Group	
	1.9.2013 to 31.8.2014 RM'000	1.9.2012 to 31.8.2013 RM'000
Net gain/(loss) on:		
Loans and receivables	(65)	65
Financial liabilities measured at amortised cost	(470)	(137)
	(535)	(72)

23.3 Financial risk management

The Group has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, whilst the Company's credit exposure arises principally from its loans and advances to its subsidiary.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Where applicable, the Group will demand for guarantees from shareholders/Directors of their customers as a form of safeguard over the outstanding debts.

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2014			
Not past due	17,473	-	17,473
Past due 1 - 30 days	3,256	-	3,256
Past due 31 - 120 days	5,827	-	5,827
Past due more than 120 days	4,773	(423)	4,350
	31,329	(423)	30,906
2013			
Not past due	5,579	-	5,579
Past due 1 - 30 days	1,905	-	1,905
Past due 31 - 120 days	7,684	-	7,684
Past due more than 120 days	4,199	(226)	3,973
	19,367	(226)	19,141

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2014 RM'000	2013 RM'000
At 1 September	226	118
Impairment loss recognised	197	130
Impairment loss reversed	-	(22)
At 31 August	423	226

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments, if any, are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the previous reporting period, the Company had invested in money market fund. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. In 2014, there are no investments in money market funds (2013:RM5,028,000).

The investments and other financial assets are unsecured.

23. Financial instruments (continued)

23.4 Credit risk (continued)

Inter company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

23.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2014	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000
Group					
Non-derivative financial liabilities					
Bank overdraft	5,728	8.1	5,728	5,728	-
Finance lease liabilities	297	4.43-5.58	332	111	221
Trade and other payables	8,004	-	8,004	8,004	-
	14,029		14,064	13,843	221
Company					
Non-derivative financial liabilities					
Trade and other payables	45	-	45	45	-
2013					
Group					
Non-derivative financial liabilities					
Finance lease liabilities	546	4.43-5.58	605	273	332
Trade and other payables	6,535	-	6,535	6,535	-
	7,081		7,140	6,808	332
Company					
Non-derivative financial liabilities					
Trade and other payables	1,037	-	1,037	1,037	-

23. Financial instruments (continued)

23.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

23.6.1 Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily U.S. Dollar *("USD")*.

Risk management objectives, policies and processes for managing the risk

The Group's exposure to foreign currency risk is monitored on an ongoing basis and forward exchange contracts are used to hedge foreign currency risk when necessary. Forward exchange contracts, if any, would have maturities of less than one year. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	**Denominated in *USD***	
	2014 RM'000	**2013 RM'000**
Trade payables	22	689
Exposure in the statement of financial position	22	689

Foreign currency risk arises from the aforementioned exposures is not material, hence, sensitivity analysis is not presented.

23. Financial instruments (continued)

23.6 Market risk (continued)

23.6.2 Interest rate risk

The Group's investments in fixed rate debt securities and its fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group adopts a practice to continuously seek for alternative banking facilities which provide competitive interest rates to finance and/or refinance its working capital requirements.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2014 RM'000	2013 RM'000
Floating rate instruments		
Financial assets	-	5,028
Financial liabilities	(5,728)	-
Fixed rate instruments		
Financial liabilities	(297)	(546)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

23. Financial instruments (continued)

23.6 Market risk (continued)

23.6.2 Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bps) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
Group	**100 bps increase**	**100 bps decrease**
1.9.2013 to 31.8.2014	**RM'000**	**RM'000**
Floating rate instruments	(43)	43
1.9.2012 to 31.8.2013		
Floating rate instruments	38	(38)

23.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Group			
	2014		2013	
	Carrying amount RM'000	Fair value -Level 2 RM'000	Carrying amount RM'000	Fair value -Level 2 RM'000
Finance lease liabilities	(297)	(294)	(546)	(540)

23. Financial instruments (continued)

23.7 Fair value information (continued)

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2014	2013
Finance lease liabilities	4.43%-5.58%	4.43%-5.58%

23.7.1 Fair value hierarchy

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2013: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

24. Capital management

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants.

The debt-to-equity ratios at 31 August 2014 and 31 August 2013 were as follows:

	Note	Group 2014 RM'000	Group 2013 RM'000
Total loans and borrowings	11	6,025	546
Less: Cash and cash equivalents	9	(26,290)	(12,044)
Net debt		(20,265)	(11,498)
Total equity		93,709	63,641
Net debt-to-equity ratios		Not applicable	Not applicable

There was no change in the Group's approach to capital management during the financial year.

25. Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Note	Group 2014 RM'000	Group 2013 RM'000
Bank guarantees obtained by the Group to the Ministry of Education	(i)	236	229

(i) As part of the agreements with the Ministry of Education, the Group has issued performance bond in the form of bank guarantees to the Ministry of Education for the service provided for the supply of text books and applied learning products.

26. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group or the Company has related party relationship with its subsidiaries, key management personnel and a company controlled by a close member of the family of a Director of the Company.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 8 and Note 14.

	Group		Company	
	1.9.2013 to 31.8.2014 RM'000	1.9.2012 to 31.8.2013 RM'000	1.9.2013 to 31.8.2014 RM'000	30.10.2012 to 31.8.2013 RM'000
Company controlled by a close member of the family of a Director of the Company*:				
Sales return/(Sales) of goods	16	(4,130)	-	-
Purchases of goods	2	11	-	-
Subsidiary:				
Net advances (given)/received	-	-	(3,017)	-
Dividend income	-	-	(3,000)	-
Company controlled by the Directors of the Company:				
Net advances (given)/received	-	-	-	1,035

* During the financial year under review, the close family member of the Director ceased to have control in the company.

The abovementioned transactions are entered into with the related parties under negotiated terms.

27. Significant events during the financial year

27.1 Sasbadi Sdn. Bhd. was informed by Yayasan Guru Malaysia Berhad ("YGMB") that the license to reprint, distribute, market and sell Past Year Examination Papers for Ujian Pencapaian Sekolah Rendah ("UPSR"), Penilaian Menengah Rendah ("PMR"), Sijil Pelajaran Malaysia ("SPM") and Sijil Tinggi Agama Malaysia ("STAM") will not be renewed beyond the expiry date i.e. 14 September 2013.

During the financial year ended 31 August 2014, sale of Past Year Examination Papers is nil (2013: RM13,816,000).

27.2 On 5 August 2013 and 30 September 2013, Sasbadi Sdn. Bhd. signed the letter of intent and the Intellectual Property Rights Assignment Agreement respectively, with Pearson Malaysia Sdn. Bhd. to acquire the publishing rights and production files for a list of titles consisting mainly of National School Curriculum based educational materials for a cash consideration of RM5,500,000. The transaction was completed on 30 September 2013. In conjunction with the acquisition of the publishing rights and production files, Sasbadi Sdn. Bhd. had also acquired inventories of the educational materials and paper for approximately RM1,553,000 and RM646,000 respectively, from Pearson Malaysia Sdn. Bhd..

27.3 In conjunction with, and as an integral part of the Company's listing on Main Market of Bursa Malaysia Securities Berhad, the following listing scheme was undertaken by the Company:

a) **Dividend Payment**

Prior to the completion of the Acquisitions as disclosed in Note 27.3(b) below, the Company's subsidiary, Sasbadi Sdn. Bhd., had, on 3 April 2014 and 16 May 2014, paid a dividend in respect of the financial year ended 31 August 2014 totalling RM8,500,000 to its then existing shareholders.

b) **Acquisitions**

On 19 May 2014, the Company had acquired the entire issued and paid-up share capital in Sasbadi Sdn. Bhd. comprising 2,400,000 ordinary shares of RM1.00 each for a total purchase consideration of RM52,899,998 satisfied by the issuance of 105,799,996 new ordinary shares of RM0.50 each in the Company at an issue price of RM0.50 each.

In addition, the Company acquired the following subsidiaries from Sasbadi Sdn. Bhd.:

(i) the entire issued and paid-up share capital in Maya Press Sdn. Bhd. comprising two (2) ordinary shares of RM1.00 each for a total purchase consideration of RM1.00 and reflected as amount owing by the Company to Sasbadi Sdn. Bhd.;

27. Significant events during the financial year (continued)

27.3 Significant events (continued)

b) **Acquisitions (continued)**

(ii) the entire issued and paid-up share capital in Malaysian Book Promotions Sdn. Bhd. comprising 75,005 ordinary shares of RM1.00 each for a total purchase consideration of RM77,754 and reflected as amount owing by the Company to Sasbadi Sdn. Bhd.;

(iii) the entire issued and paid-up share capital in Orbit Buku Sdn. Bhd. comprising 10,000 ordinary shares of RM1.00 each for a total purchase consideration of RM1.00 and reflected as amount owing by the Company to Sasbadi Sdn. Bhd.; and

(iv) the entire issued and paid-up share capital in Sasbadi Online Sdn. Bhd. comprising 10,000 ordinary shares of RM1.00 each for a total purchase consideration of RM277,919 and reflected as amount owing by the Company to Sasbadi Sdn. Bhd.

These acquisitions were completed on 19 May 2014.

c) **Initial Public Offering**

Public Issue

The Company undertook a public issue of 21,200,000 new ordinary shares of RM0.50 each, representing approximately 16.7% of the Company's enlarged issued and paid-up share capital, at an issue price of RM1.19 per share in the following manner:

(i) 6,350,000 new ordinary shares reserved for application by the public, of which at least 50% were set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions;

(ii) 5,700,000 new ordinary shares reserved for application by eligible Directors, employees and persons who have contributed to the success of the Group; and

(iii) 9,150,000 new ordinary shares reserved for placement to selected investors.

27. Significant events during the financial year (continued)

27.3 Significant events (continued)

c) **Initial Public Offering (continued)**

Offer for Sale

Offer for sale of 35,950,000 existing ordinary shares of RM0.50 each, representing approximately 28.3% of the Company's enlarged issued and paid-up share capital, by Law King Hui, Lee Swee Hang and Lee Eng Sang at an offer price of RM1.19 per share in the following manner:

(i) Up to 12,700,000 existing shares reserved for placement to Bumiputera investors approved by the Ministry of International Trade and Industry; and

(ii) Up to 23,250,000 existing shares reserved for placement to selected investors.

d) **Vendors' Shareholdings Reorganisation**

The Vendors (being Law King Hui, Lee Swee Hang and Lee Eng Sang) undertook a reorganisation exercise involving the transfer of 25,400,000 ordinary shares of RM0.50 each in the Company, which they received from the acquisition of Sasbadi Sdn. Bhd., to Karya Kencana Sdn. Bhd., an investment holding company substantially owned by the Vendors.

e) **Listing and Quotation on Bursa Securities Malaysia Berhad**

The listing of and quotation for the Company's entire enlarged issued and paid-up share capital of RM63,500,000 comprising 127,000,000 ordinary shares of RM0.50 each on the Main Market of Bursa Malaysia Securities Berhad on 23 July 2014.

28. Subsequent events

a) On 13 October 2014, the Company's wholly-owned subsidiary, Sasbadi Online Sdn Bhd ("SOSB") had entered into a License and Services Agreement with PT. Penerbit Erlangga ("PPE"), a company incorporated in Indonesia, wherein SOSB shall grant PPE a sole/exclusive and non-transferable license for PPE to use an interactive online learning system ("i-Learn Online Learning System") developed by SOSB and for PPE to sell the online learning materials under the i-Learn Online Learning System in Indonesia ("Licensing Arrangement"). In consideration of the license being granted by SOSB to PPE, PPE shall pay a one-off non-refundable license fee of USD300,000 (equivalent to approximately RM978,000) to SOSB and during the term of the Licensing Arrangement, PPE shall pay to SOSB royalties based on net sales received by PPE on a semi-annual basis.

28. Subsequent events (continued)

b) On 28 October 2014, the Company's wholly-owned subsidiary, Sasbadi Sdn. Bhd. had entered into a Sale Agreement and Assignment of Intellectual Property Rights with Penerbitan Multimedia Sdn. Bhd. ("PMSB"), to acquire all the rights, title and interest in the publishing list of PMSB relating to learning and educational materials in the teacher education and secondary school segment and the trademark of PMSB comprising trade name, work mark and device mark at the purchase price of RM1,000,000. The proposed acquisition is yet to be completed as at the date of this report.

29. Comparative figures

Certain comparative figures in the statements of profit or loss and other comprehensive income have been reclassified in order to comform to the current year's presentation.

30. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings/(accumulated losses) of the Group and of the Company at 31 August, into realised and unrealised profits or losses, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries				
- realised	59,667	55,002	845	(862)
- unrealised	(6,015)	(5,101)	-	-
Total retained earnings/ (accumulated losses)	53,652	49,901	845	(862)

The determination of realised and unrealised profits is based on the 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*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors
pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 57 to 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 August 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 30 on page 130 to the financial statements has been compiled in accordance with the 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*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Law King Hui

....

Lee Swee Hang

Kuala Lumpur,

Date: 26 December 2014

Statutory Declaration
pursuant to Section 169(16) of the Companies Act, 1965

I, **Tan Shea Sheak**, the officer primarily responsible for the financial management of Sasbadi Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 57 to 130 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 26 December 2014.

....
Tan Shea Sheak

Before me:

SHAFIE B. DAUD
No. W 350
Commissioner for Oaths

Independent Auditors' Report
to the members of Sasbadi Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of Sasbadi Holdings Berhad, which comprise the statements of financial position as at 31 August 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 57 to 129.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 August 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 30 on page 130 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the 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,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Chin Shoon Chong
Approval Number: 2823/04/15(J)
Chartered Accountant

Petaling Jaya,

Date: 26 December 2014

List of Properties
as at 31 August 2014

Registered/ Beneficial Owner	Location	Description/ Existing Use	Tenure	Land Area/ Built–up Area (sq. ft.)	Approximate Age of Building (Years)	Net Book Value as at 31 August 2014 (RM'000)	Year of Revaluation
Sasbadi Sdn Bhd	Lot 12, Jalan Teknologi 3/4, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan	Industrial land erected upon with a single storey warehouse building with a three (3) storey office cum internal warehouse building annex/ Industrial warehouse and office	Registered lease 60 years (from 22.11.2001 to 21.11.2061)	105,562^/ 76,945	10	26,000	2014
Sasbadi Sdn Bhd	Unit No. C-10-5, Block C, Bay View Villas, PD World Marina International Resort, 6th Mile Jalan Pantai, Teluk Kemang, 71050 Port Dickson, Negeri Sembilan Darul Khusus	Three (3) bedroom apartment/ Apartment (currently unoccupied)	Leasehold (99 years expiring on 17.12.2101)	Not Applicable/ 1,278*	15	83	2014
Sasbadi Sdn Bhd	Unit No. B 1-2, Block B, The Regency Tanjung Tuan Beach Resort, 5th Mile, Jalan Pantai, 71050 Port Dickson, Negeri Sembilan Darul Khusus	Two (2) bedroom apartment/ Holiday apartment	Leasehold (99 years expiring on 13.05.2081)	Not Applicable/ 969*	28	207	2014

Notes:

^ *Land area as stated on the title document to the relevant property.*

* *Conversion of original measurements for properties in square meters (sq. m.) to square feet (sq. ft.) at 1 sq. m. = 10.7639 sq. ft.*

Analysis of Shareholdings
as at 22 December 2014

Authorised Share Capital	:	RM500,000,000.00
Issued and Fully Paid-Up Share Capital	:	RM63,500,000.00 comprising 127,000,000 Ordinary Shares of RM0.50 each
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS
AS PER THE RECORD OF DEPOSITORS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
Less than 100	3	0.28	100	0.00
100 – 1,000	169	15.63	140,400	0.11
1,001 – 10,000	576	53.28	3,011,200	2.37
10,001 – 100,000	274	25.35	9,638,000	7.59
100,001 to less than 5% of issued shares	54	5.00	35,412,300	27.88
5% and above of issued shares	5	0.46	78,798,000	62.05
Total	**1,081**	**100.00**	**127,000,000**	**100.00**

DIRECTORS' SHAREHOLDINGS
AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Director	No. of Shares Held	%	No. of Shares Held	%
Dato' Salleh Bin Mohd Husein	100,000	0.08	-	-
Law King Hui	25,494,500	20.07	25,400,000(1)	20.00
Lee Swee Hang	12,835,500	10.11	25,400,000(1)	20.00
Lee Eng Sang	6,350,000	5.00	25,400,000(1)	20.00
Law En Ruey	150,000	0.12	-	-
Dato' Noor Rezan Binti Bapoo Hashim	100,000	0.08	-	-
Lim Hun Soon @ David Lim	100,000	0.08	-	-

***Note**:*
(1) Deemed interest by virtue of his interest in Karya Kencana Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

	Direct		Indirect	
Name of Substantial Shareholder	No. of Shares Held	%	No. of Shares Held	%
Law King Hui	25,494,500	20.07	25,400,000(1)	20.00
Karya Kencana Sdn Bhd	25,400,000	20.00	-	-
Lee Swee Hang	12,835,500	10.11	25,400,000(1)	20.00
Maybank Trustees Berhad for CIMB-Principal Small Cap Fund	8,718,000	6.86	-	-
Lee Eng Sang	6,350,000	5.00	25,400,000(1)	20.00

Note:
(1) Deemed interest by virtue of his interest in Karya Kencana Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

Analysis of Shareholdings
as at 22 December 2014

THIRTY LARGEST SHAREHOLDERS
AS PER THE RECORD OF DEPOSITORS

No.	Name of Shareholder	No. of Shares Held	%
1	LAW KING HUI	25,494,500	20.07
2	KARYA KENCANA SDN BHD	25,400,000	20.00
3	LEE SWEE HANG	12,835,500	10.11
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR CIMB-PRINCIPAL SMALL CAP FUND	8,718,000	6.86
5	LEE ENG SANG	6,350,000	5.00
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	5,828,100	4.59
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG	2,950,000	2.32
8	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	2,756,200	2.17
9	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR PACIFIC PEARL FUND	2,084,500	1.64
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (BALANCE FUND)	1,603,000	1.26
11	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD RHB TRUSTEES BERHAD FOR KAF VISION FUND	1,578,000	1.24
12	MA TIEN LEONG	1,457,900	1.15
13	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD FOR MANULIFE INSURANCE (MALAYSIA) BERHAD – (EQUITY FUND)	1,426,400	1.12
14	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL	1,225,500	0.96
15	CHAU MING CHIEW @ CHAW MING CHIEW	1,200,000	0.94
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (HWNG SML CAP FD)	1,065,600	0.84
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (LIFE ANNUITY FD)	1,057,000	0.83
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (PREM EQUITY FD)	988,500	0.78
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (GENERAL FUND)	859,400	0.68
20	AMANAHRAYA TRUSTEES BERHAD CIMB PRINCIPAL EQUITY AGGRESSIVE FUND 1	622,300	0.49
21	AMANAHRAYA TRUSTEES BERHAD MIDF AMANAH STRATEGIC FUND	587,000	0.46
22	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD MIDF AMANAH ASSET MANAGEMENT BERHAD FOR UNIVERSITI MALAYA	503,300	0.40
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KNGA SML CAP FD)	500,000	0.39
24	TAN TAT CHIN @ TAN MAI	500,000	0.39
25	KAM LUP SEONG	460,000	0.36

THIRTY LARGEST SHAREHOLDERS (continued)
AS PER THE RECORD OF DEPOSITORS

No.	Name of Shareholder	No. of Shares Held	%
26	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED FLF)	350,000	0.28
27	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD FOR MANULIFE INSURANCE (MALAYSIA) BERHAD – (MANAGED FUND)	332,900	0.26
28	RHB INVESTMENT BANK BERHAD CLEARING (G) FOR CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD	328,300	0.26
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (ANNUITY FUND 2)	290,000	0.23
30	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD MIDF AMANAH ASSET MANAGEMENT BERHAD FOR LEMBAGA TABUNG ANGKATAN TENTERA	250,100	0.20
	TOTAL	**109,602,000**	**86.30**

Notice of Second Annual General Meeting

SASBADI HOLDINGS BERHAD
(Company No.: 1022660-T)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of Sasbadi Holdings Berhad will be held at Glenmarie Ballroom A, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, 40250 Shah Alam, Selangor Darul Ehsan on Wednesday, 11 February 2015 at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 August 2014 and the Reports of Directors and Auditors thereon.

2. To approve the payment of Directors' Fees of RM380,000 for the financial year ended 31 August 2014. ***Resolution 1***

3. To approve the payment of Directors' Fees of RM700,000 for the financial year ending 31 August 2015. ***Resolution 2***

4. To re-elect Mr Lee Eng Sang as Director, who is retiring by rotation pursuant to Article 84 of the Company's Articles of Association. ***Resolution 3***

5. To re-elect Mr Law En Ruey as Director, who is retiring by rotation pursuant to Article 84 of the Company's Articles of Association. ***Resolution 4***

6. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Resolution 5***

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution:-

7. ***ORDINARY RESOLUTION*** ***Resolution 6***
   AUTHORITY FOR DIRECTORS TO ISSUE SHARES

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the nominal value of the total issued and paid-up share capital of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By Order of the Board
SASBADI HOLDINGS BERHAD

YEOH CHONG KEAT (MIA 2736)
REBECCA LEONG SIEW KWAN (MAICSA 7045547)
Secretaries

Kuala Lumpur
20 January 2015

Notes:

(1) A member may appoint up to two (2) proxies to attend and vote instead of him/her at the meeting. If the member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.

(2) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(3) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

(4) Only a depositor whose name appears in the Company's Record of Depositors as at 4 February 2015 shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.

(5) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(6) The original instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 6

This proposed resolution, if passed, will renew the authority given to the Directors of the Company to allot and issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the nominal value of the total issued share capital of the Company at the time of issue. This General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

With this General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Further details of the Directors standing for re-election are set out in the Directors' Profile Section of the Annual Report.

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FORM OF PROXY

SASBADI

SASBADI HOLDINGS BERHAD (1022660-T)
(Incorporated in Malaysia)

I/We ______________________________ NRIC/Company No. ______________________
(FULL NAME IN BLOCK LETTERS)

of ____
(ADDRESS)

being a member of **SASBADI HOLDINGS BERHAD**, hereby appoint ______________________________
(FULL NAME IN BLOCK LETTERS & NRIC NO.)

______________________________ of ______________________________
(ADDRESS)

____

or failing him/her ______________________________
(FULL NAME IN BLOCK LETTERS & NRIC NO.)

of ____
(ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING* as my/our proxy to vote for me/us and on my/our behalf at the Second Annual General Meeting of the Company to be held at Glenmarie Ballroom A, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, 40250 Shah Alam, Selangor Darul Ehsan on Wednesday, 11 February 2015 at 10.00 a.m. and any adjournment thereof. My/Our proxy/proxies shall vote as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
ORDINARY BUSINESS			
1.	To approve the payment of Directors' Fees of RM380,000 for the financial year ended 31 August 2014.		
2.	To approve the payment of Directors' Fees of RM700,000 for the financial year ending 31 August 2015.		
3.	To re-elect Mr Lee Eng Sang as Director, who is retiring by rotation pursuant to Article 84 of the Company's Articles of Association.		
4.	To re-elect Mr Law En Ruey as Director, who is retiring by rotation pursuant to Article 84 of the Company's Articles of Association.		
5.	To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.		
SPECIAL BUSINESS			
6.	Authority for Directors to issue shares.		

Please indicate with a "√ " or "X" in the appropriate space how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he or she thinks fit, or, at his or her discretion, abstain from voting.

Dated this ______________ day of ______________________

Number of ordinary shares held

____
Signature/Common Seal of Member

Central Depository System Account No.

* Delete the words "the CHAIRMAN OF THE MEETING" if you wish to appoint some other person(s) only to be your proxy/proxies.

Notes:-

(1) A member may appoint up to two (2) proxies to attend and vote instead of him/her at the meeting. If the member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.

(2) Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(3) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

(4) Only a depositor whose name appears in the Company's Record of Depositors as at 4 February 2015 shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.

(5) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(6) The original instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.

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AFFIX
STAMP

The Company Secretary
Sasbadi Holdings Berhad
c/o Archer Corporate Services Sdn Bhd
Suite 11.1A Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

FOLD HERE

Lot 12, Jalan Teknologi 3/4, Taman Sains Selangor 1,
Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.
Tel: +603-6145 1188   Fax: +603-6145 1199
Website: www.sasbadiholdings.com