



SASBADI HOLDINGS BERHAD (1022660-T)

Incorporated in Malaysia under the Companies Act, 1965
THIRD QUARTER REPORT ENDED 31 MAY 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND NINE (9) MONTHS ENDED 31 MAY 2015 ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year-	Preceding Year-
	Quarter	Quarter	To-Date	To-Date
	31.05.2015	31.05.2014	31.05.2015	31.05.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	18,868	17,941	67,304	61,932
Cost of sales	(10,026)	(9,831)	(34,074)	(32,174)
Gross profit	8,842	8,110	33,230	29,758
Other operating income	76	63	139	135
Distribution expenses	(1,517)	(1,770)	(5,662)	(5,063)
Administrative expenses	(2,677)	(2,184)	(8,759)	(7,543)
Other operating expenses	(392)	(13)	(878)	(2,029)
Operating profit	4,332	4,206	18,070	15,258
Interest income	118	22	340	76
Finance costs	(151)	(189)	(360)	(359)
Profit before tax	4,299	4,039	18,050	14,975
Tax expense	(1,185)	(1,035)	(4,951)	(3,942)
Profit/Total comprehensive income for the financial period	3,114	3,004	13,099	11,033
Profit/Total comprehensive income attributable to:				
- Owners of the Company	3,114	3,004	13,099	11,033
- Non-controlling interests	-	-	-	-
	3,114	3,004	13,099	11,033
Earnings per share (sen) attributable to owners of the Company:				
- Basic ⁽²⁾	2.45	2.84	10.31	10.43
- Diluted	N/A	N/A	N/A	N/A



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Notes:

N/A Not applicable

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements of Sasbadi Holdings Berhad ("the Company") for the financial year ended 31 August 2014 and the accompanying explanatory notes attached to these interim financial statements.*
- (2) Based on the weighted average number of ordinary shares in issue as detailed in Note B11.*



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2015 ⁽¹⁾

	Unaudited As at 31.05.2015 RM'000	Audited As at 31.08.2014 RM'000
ASSETS		
Property, plant and equipment	30,896	30,261
Intangible assets	5,496	4,950
Other investments	37	37
Total non-current assets	36,429	35,248
Inventories	31,994	20,215
Current tax assets	1,176	741
Trade and other receivables	35,513	31,163
Prepayments	354	884
Cash and cash equivalents	25,894	26,290
Total current assets	94,931	79,293
Total assets	131,360	114,541
EQUITY		
Share capital	63,500	63,500
Share premium	13,461	13,461
Reserves	26,037	16,748
Equity attributable to owners of the Company	102,998	93,709
LIABILITIES		
Borrowings	124	198
Deferred tax liabilities	4,088	4,332
Total non-current liabilities	4,212	4,530
Borrowings	5,744	5,827
Provisions	2,687	1,683
Trade and other payables	14,022	8,004
Current tax liabilities	1,697	788
Total current liabilities	24,150	16,302
Total liabilities	28,362	20,832
Total equity and liabilities	131,360	114,541
Net assets per share attributable to the owners of the Company (RM) ⁽²⁾	0.81	0.74



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Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2014 and the accompanying explanatory notes attached to these interim financial statements.*
- (2) Based on the issued share capital of 127,000,000 ordinary shares.*



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE (9) MONTHS ENDED 31 MAY 2015 ⁽¹⁾

	Share capital RM'000	Non- distributable Share premium RM'000	Non- distributable Revaluation reserve RM'000	Non- distributable Merger deficit RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 September 2014	63,500	13,461	13,596	(50,500)	53,652	93,709
Profit/Total comprehensive income for the financial period	-	-	-	-	13,099	13,099
Dividend to owners of the Company	-	-	-	-	(3,810)	(3,810)
At 31 May 2015	63,500	13,461	13,596	(50,500)	62,941	102,998
At 1 September 2013	#	-	-	-	(862)	(862)
Effect arising from merger	52,900	-	11,340	(50,500)	50,764	64,504
Profit/Total comprehensive income for the financial period	-	-	-	-	11,033	11,033
Dividend paid by a subsidiary to the previous owners	-	-	-	-	(8,500)	(8,500)
At 31 May 2014	52,900	-	11,340	(50,500)	52,435	66,175

Notes:

This represents RM2.00.

(1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2014 and the accompanying explanatory notes attached to these interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE (9) MONTHS ENDED 31 MAY 2015 ⁽¹⁾

	Current Year-To-Date 31.05.2015 RM'000	Preceding Year-To-Date 31.05.2014 RM'000
Cash flows from operating activities		
Profit before tax	18,050	14,975
Adjustments for:		
Amortisation of intangible assets	454	413
Depreciation on property, plant and equipment	1,690	1,526
Gain on disposal of property, plant and equipment	(139)	(41)
Interest expense	296	284
Interest income	(340)	(76)
Provision for sales returns	1,004	1,188
Operating profit before changes in working capital	21,015	18,269
Changes in inventories	(11,779)	(2,793)
Changes in trade and other receivables and prepayments	(3,820)	(8,426)
Changes in trade and other payables	6,018	2,981
Cash generated from operations	11,434	10,031
Tax paid	(4,721)	(3,446)
Interest paid	(288)	(265)
Interest received	340	76
Net cash generated from operating activities	6,765	6,396
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	139	41
Acquisition of intellectual properties	(1,000)	(5,500)
Acquisition of property, plant and equipment	(2,325)	(1,023)
Net cash used in investing activities	(3,186)	(6,482)
Cash flows from financing activities		
Repayment of finance lease liabilities	(74)	(199)
Dividends paid	(3,810)	(8,500)
Drawdown of bankers' acceptance	2,172	1,420
Interest paid	(8)	(19)
Net cash used in financing activities	(1,720)	(7,298)
Net increase/(decrease) in cash and cash equivalents	1,859	(7,384)
Cash and cash equivalents at beginning of the financial period	20,562	12,044
Cash and cash equivalents at end of the financial period	22,421	4,660



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE (9) MONTHS ENDED 31 MAY 2015 ⁽¹⁾ (CONT'D)

		Current Year-To-Date 31.05.2015 RM'000	Preceding Year-To-Date 31.05.2014 RM'000
Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:			
	Cash and bank balances	25,855	12,624
	Deposit placed with a licensed bank	39	39
		<u>25,894</u>	<u>12,663</u>
	Less: Bank overdrafts	(3,473)	(8,003)
		<u>22,421</u>	<u>4,660</u>

Notes:

- (1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2014 and the accompanying explanatory notes attached to these interim financial statements.*



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A EXPLANATION NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1. Accounting Policies and Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”) and paragraph 9.22 and Part A of Appendix 9B of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

These interim financial statements should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2014 and the accompanying explanatory notes attached to these interim financial statements.

These interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries (“the Group”) since the financial year ended 31 August 2014.

The significant accounting policies and methods of computation applied in these unaudited condensed interim financial statements are consistent with those adopted as disclosed in the Audited Financial Statements of the Company for the financial year ended 31 August 2014, except for the following accounting standards, amendments and interpretations that have been issued by the MASB but have not been adopted by the Group:

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



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

- MFRS 9, *Financial Instruments (2014)*

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

- 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, MFRS 141 and Amendments to MFRS 119 which are not applicable to the Group.
- 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 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.

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.

A2. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Reports on the financial statements of the Company and its subsidiaries for the financial year ended 31 August 2014 were not qualified.



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A3. Seasonality or Cyclicity of Operations

The Group's business operations are exposed to seasonality patterns. The seasonality patterns are primarily caused by the timing of the start of the academic year for national schools. As a result, the seasonal sales patterns may adversely impact on the Group's quarterly revenue, profit and cash flow. Nevertheless, the Group takes the seasonality patterns into consideration in our cash flow planning.

Similar to historical seasonality patterns, the Group has experienced the highest quarterly sales in the second financial quarter (December to February), followed by this financial quarter (March to May), for the financial year ending 31 August 2015. The Group expects sales for the next financial quarter (June to August) to be soft (Please refer to Note B3 for further details).

A4. Unusual Items

There were no significant items affecting assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size and incidence during the current quarter and current financial year-to-date.

A5. Changes in Estimates

There were no changes in the estimates that have a material effect in the current quarter and current financial year-to-date results.

A6. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter and financial year-to-date.

A7. Dividend Paid

On 23 March 2015, the Company paid an interim single tier dividend of 3 sen per ordinary share of RM0.50 each amounting to RM3.810 million in respect of the financial year ending 31 August 2015.



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A8. Segment Information

Segmental information is presented in accordance with the Group's entities, which are the Group's strategic business units.

	Current quarter ended 31.05.2015									
	Sasbadi Holdings Berhad	Sasbadi Sdn Bhd	Sasbadi Online Sdn Bhd	Orbit Buku Sdn Bhd	Maya Press Sdn Bhd	Malaysian Book Promotions Sdn Bhd	Sasbadi Learning Solutions Sdn Bhd	MBP Publications Sdn Bhd	Inter-company elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
Revenue	-	15,123	1,230	589	-	1,711	1,980	-	(1,765)	18,868
Cost of sales	-	(9,662)	(243)	(156)	-	(832)	(898)	-	1,765	(10,026)
Gross profit	-	5,461	987	433	-	879	1,082	-	-	8,842
Add/(Less)										
Other operating income										76
Distribution expenses										(1,517)
Administrative expenses										(2,677)
Other operating expenses										(392)
Operating profit										4,332

	Current year-to-date ended 31.05.2015									
	Sasbadi Holdings Berhad	Sasbadi Sdn Bhd	Sasbadi Online Sdn Bhd	Orbit Buku Sdn Bhd	Maya Press Sdn Bhd	Malaysian Book Promotions Sdn Bhd	Sasbadi Learning Solutions Sdn Bhd	MBP Publications Sdn Bhd	Inter-company elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
Revenue	3,840	60,578	1,684	980	-	4,704	3,145	-	(7,627)	67,304
Cost of sales	-	(33,195)	(607)	(409)	-	(2,230)	(1,420)	-	3,787	(34,074)
Gross profit	3,840	27,383	1,077	571	-	2,474	1,725	-	(3,840)	33,230
Add/(Less)										
Other operating income										139
Distribution expenses										(5,662)
Administrative expenses										(8,759)
Other operating expenses										(878)
Operating profit										18,070



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← Preceding financial year's corresponding quarter ended 31.05.2014 →										
	Sasbadi Holdings Berhad	Sasbadi Sdn Bhd	Sasbadi Online Sdn Bhd	Orbit Buku Sdn Bhd	Maya Press Sdn Bhd	Malaysian Book Promotions Sdn Bhd	Sasbadi Learning Solutions Sdn Bhd	MBP Publications Sdn Bhd	Inter-company elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
Revenue	-	16,280	697	305	-	1,060	-	-	(401)	17,941
Cost of sales	-	(9,702)	(206)	(50)	-	(445)	-	-	572	(9,831)
Gross profit	-	6,578	491	255	-	615	-	-	171	8,110
Add/(Less)										
Other operating income										63
Distribution expenses										(1,770)
Administrative expenses										(2,184)
Other operating expenses										(13)
Operating profit										4,206

← Preceding financial year's corresponding year-to-date ended 31.05.2014 →										
	Sasbadi Holdings Berhad	Sasbadi Sdn Bhd	Sasbadi Online Sdn Bhd	Orbit Buku Sdn Bhd	Maya Press Sdn Bhd	Malaysian Book Promotions Sdn Bhd	Sasbadi Learning Solutions Sdn Bhd	MBP Publications Sdn Bhd	Inter-company elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
Revenue	-	56,266	794	1,120	-	5,292	-	-	(1,540)	61,932
Cost of sales	-	(31,390)	(419)	(316)	-	(2,377)	-	-	2,328	(32,174)
Gross profit	-	24,876	375	804	-	2,915	-	-	788	29,758
Add/(Less)										
Other operating income										135
Distribution expenses										(5,063)
Administrative expenses										(7,543)
Other operating expenses										(2,029)
Operating profit										15,258

A9. Valuation of Property, Plant and Equipment

There were no amendments to the valuation of property, plant and equipment that have been brought forward from the Audited Financial Statements of the Company for the financial year ended 31 August 2014.

A10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current quarter up to the date of issue of this report that have not been reflected in the financial statements for the current quarter and financial year-to-date.

A11. Effects of Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter. Nevertheless, the Company had, on 10 July 2015, acquired the entire equity interest totaling two (2) ordinary shares of RM1.00 each in Mindtech Education Sdn Bhd for a total cash consideration of RM2.00.



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A12. Capital Commitments

There were no material capital commitments for the current quarter.

A13. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

	As at	As at
	31.05.2015	31.08.2014
	RM'000	RM'000
Bank guarantees obtained by the subsidiary, Sasbadi Sdn Bhd, to Ministry of Education	274	236

Contingent Assets

The Group does not have any material contingent assets as at 31 May 2015.



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

B1. Review of Performance

Current Quarter ended 31 May 2015 against Preceding Financial Year's Corresponding Quarter ended 31 May 2014

The Group recorded revenue (after inter-company elimination) and profit before tax ("PBT") of RM18.868 million and RM4.299 million, respectively, for the current quarter, as compared to RM17.941 million and RM4.039 million, respectively, for the preceding financial year's corresponding quarter.

The revenue (before inter-company elimination) of the Group for the current quarter was mainly derived from Sasbadi Sdn Bhd, which is involved in education print publishing (Current Quarter: Revenue of RM15.123 million and gross profit of RM5.461 million, vis-à-vis Preceding Financial Year's Corresponding Quarter: Revenue of RM16.280 million and gross profit of RM6.578 million). Sasbadi Learning Solutions Sdn Bhd, which commenced operations in January 2015 by assuming the activity of distributing applied learning products of Sasbadi Sdn Bhd, recorded revenue of RM1.980 million and gross profit of RM1.082 million during the current quarter.

Meanwhile, Malaysian Book Promotions Sdn Bhd, which is involved in the publishing and distribution of printed educational materials, also contributed to the Group's revenue and gross profit (Current Quarter: Revenue of RM1.711 million and gross profit of RM0.879 million, vis-à-vis Preceding Financial Year's Corresponding Quarter: Revenue of RM1.060 million and gross profit of RM0.615 million). Sasbadi Online Sdn Bhd, our online educational resources arm, recorded revenue of RM1.230 million and gross profit of RM0.987 million for the current quarter vis-à-vis preceding financial year's corresponding quarter's revenue and gross profit of RM0.697 million and RM0.491 million, respectively.

The slight increase in the Group's gross profit and PBT for the current quarter was in line with the slight increase in revenue.

Current Financial Year-to-Date ended 31 May 2015 against Preceding Financial Year's Corresponding Year-to-Date ended 31 May 2014

The Group recorded revenue (after inter-company elimination) and profit before tax ("PBT") of RM67.304 million and RM18.050 million, respectively, for the current financial year-to-date, as compared to RM61.932 million and RM14.975 million, respectively, for the preceding financial year's corresponding year-to-date.

The revenue (before inter-company elimination) of the Group for the current financial year-to-date was mainly derived from Sasbadi Sdn Bhd (Current Financial Year-to-Date: Revenue of RM60.578 million and gross profit of RM27.383 million, vis-à-vis Preceding Financial Year's Corresponding Year-to-Date: Revenue of RM56.266 million and gross profit of RM24.876 million). Sasbadi Learning Solutions Sdn Bhd contributed revenue and gross profit of RM3.145 million and RM1.725 million, respectively, during the current financial year-to-date.

Malaysian Book Promotions Sdn Bhd's contribution to the Group's revenue and gross profit for the current financial year-to-date were RM4.704 million and RM2.474 million, respectively (as compared to the preceding financial year's corresponding year-to-date's revenue of RM5.292 million and gross profit of RM2.915 million). Sasbadi Online Sdn Bhd recorded revenue of RM1.684 million and gross profit of RM1.077 million for the current financial year-to-date, an improvement compared to preceding financial year's corresponding year-to-date's revenue and gross profit of RM0.794 million and RM0.375 million,



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respectively, mainly due to the recognition of the one-off licence fee charged to PT. Penerbit Erlangga for the use of our interactive online learning system in Indonesia.

The increase in PBT for the current financial year-to-date was mainly due to the increase in revenue and the non-incurrence of a one-off under provision for sales returns of RM1.345 million (which was recorded in the preceding financial year's corresponding year-to-date).

B2. Variation of Results for the current quarter ended 31 May 2015 against the immediate preceding quarter

The Group recorded revenue of RM18.868 million in the current quarter compared to the immediate preceding quarter's revenue of RM32.113 million, a decrease of RM13.245 million or 41.2%. On the other hand, the Group's PBT for the current quarter decreased by RM7.166 million or 62.5% to RM4.299 million compared to RM11.465 million in the immediate preceding quarter.

The Group recorded higher revenue and PBT in the immediate preceding quarter due to the start of the academic year for national schools in January 2015.

B3. Group's Prospects for the financial year ending 31 August 2015

The Group expects sales for the next financial quarter (June to August) to be soft due to the implementation of the Goods and Services Tax ("GST") regime effective 1 April 2015, despite books being zero-rated products. The Group has already experienced slower than expected sales in the current financial quarter as the purchasing power of customers has been adversely affected by the GST. In addition, the Group's sales are also lower during the Hari Raya Aidilfitri festive period this month.

Despite the challenges, the Group will continue to strive hard for the remaining period in order to deliver satisfactory results for the financial year ending 31 August 2015.

B4. Variance of Profit Forecast

No profit forecast has been issued by the Group previously in any public document.



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B5. Notes to the Statement of Comprehensive Income

The profit before tax is arrived at after charging/(crediting):

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year-	Preceding Year-
	Quarter	Quarter	To-Date	To-Date
	31.05.2015	31.05.2014	31.05.2015	31.05.2014
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	162	138	454	413
Depreciation on property, plant and equipment	629	500	1,690	1,526
Gain on disposal of property, plant and equipment	(76)	(41)	(139)	(41)
Impairment loss on trade receivables	-	-	-	197
Interest expense	100	178	296	284
Interest income	(118)	(22)	(340)	(76)
Inventories write-down/(Reversal of inventories write down)	735	352	2,227	(189)
Realised foreign exchange loss/(gain)	45	(22)	133	19
(Reversal of provision for sales returns)/Provision for sales returns	(847)	(1,900)	1,004	1,188
Under provision for sales returns in prior year	-	-	-	1,345

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



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B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year-	Preceding Year-
	Quarter	Quarter	To-Date	To-Date
	31.05.2015	31.05.2014	31.05.2015	31.05.2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current period	974	560	5,195	4,257
- prior period	-	-	-	275
	974	560	5,195	4,532
Deferred tax expense				
- current period	211	475	(244)	(323)
- prior period	-	-	-	(267)
	211	475	(244)	(590)
Total income tax expense	1,185	1,035	4,951	3,942

The effective tax rate for the current quarter and financial year-to-date is higher than the statutory tax rate of 25% mainly due to non-deductible expenses.

B7. Status of Corporate Proposals and Utilisation of Proceeds

(i) Status of Corporate Proposals

The Company has, on 29 June 2015, entered into a share sale agreement (“SSA”) with Chua Chong Keow, Amir Hamzah Bin Mohd Yusof and Norizan Binti Samausi to acquire 100% of the issued and paid-up share capital of PMI Education Sdn Bhd, comprising 1,000,000 ordinary shares of RM1.00 each, for a purchase price of RM2,600,000.00 to be settled via cash (“Proposed PMI Acquisition”). The Proposed PMI Acquisition is pending fulfillment of the conditions precedent as set out in the SSA.

(ii) Utilisation of proceeds

The Company was listed on the Main Market of Bursa Securities on 23 July 2014. The status of the utilisation of the gross proceeds of RM25.228 million raised from the Public Issue as at 31 May 2015 is as follows:



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Purpose	Proposed utilisation	Actual utilisation	Deviation	Balance	Estimated timeframe for utilisation (from the listing date)
	RM'000	RM'000	RM'000	RM'000	
(i) Establishment of applied learning centres	1,000	(134)	-	866	Within two (2) years
(ii) Part-financing of proposed acquisition of publishing businesses	10,500 [^]	-	-	10,500	Within two (2) years
(iii) Financing of the acquisition of intellectual property rights	1,000 [^]	(1,000)	-	-	Within one (1) year
(iv) Financing of proposed acquisition of an office cum warehouse building	7,000	-	-	7,000	Within two (2) years
(v) Working capital	2,728	(2,379)	(349)*	-	Within one (1) year
(vi) Estimated listing expenses	3,000	(3,349)	349*	-	Upon Listing
Total gross proceeds	25,228	(6,862)	-	18,366	

Note: The utilisation of proceeds as disclosed above should be read in conjunction with Section 3.6 of the Prospectus of the Company 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 mainly due to higher than estimated professional fees, underwriting commission and placement fee. In accordance with Section 3.6 of the Prospectus of the Company dated 7 July 2014, the deficit was funded out of the portion allocated for working capital.



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B8. Group Borrowings

Total Group borrowings as at 31 May 2015 were as follows:

	As at 31.05.2015 RM'000	As at 31.08.2014 RM'000
Non-current		
Finance lease liabilities	124	198
	124	198
Current		
Finance lease liabilities	99	99
Bank overdraft - secured	3,473	5,728
Bankers' acceptance - secured	2,172	-
	5,744	5,827
	5,868	6,025

The above borrowings are denominated in Ringgit Malaysia.

B9. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant, which has a material effect on the financial position of the Group, and the Directors do not have any knowledge of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group, as at the date of this report.

B10. Dividend

No dividend has been declared or recommended for payment by the Company for this quarterly announcement.



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B11. Earnings Per Share

(a) Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year-to-date are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year-	Preceding Year-
	Quarter	Quarter	To-Date	To-Date
	31.05.2015	31.05.2014	31.05.2015	31.05.2014
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	3,114	3,004	13,099	11,033
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	127,000	105,800	127,000	105,800
Basic earnings per ordinary share (sen)	2.45	2.84	10.31	10.43

(b) Diluted Earnings Per Share

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue for the current quarter and financial year-to-date.

B12. Realised and Unrealised Profits / Losses Disclosure

The breakdown of the retained earnings of the Group as at the end of the current quarter into realised and unrealised profits / (losses) # is as follows:

	As at 31.05.2015 RM'000	As at 31.08.2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	69,716	59,667
- Unrealised	(6,775)	(6,015)
	62,941	53,652

Prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants on 20 December 2010.

By order of the Board
Kuala Lumpur
28 July 2015