



SASBADI HOLDINGS BERHAD (1022660-T)

Incorporated in Malaysia under the Companies Act, 1965
SECOND QUARTER REPORT ENDED 29 FEBRUARY 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND SIX (6) MONTHS ENDED ON 29 FEBRUARY 2016 (1)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 29.02.2016 RM'000	Preceding Year Quarter 28.02.2015 RM'000	Current Year-To-Date 29.02.2016 RM'000	Preceding Year-To-Date 28.02.2015 RM'000
Revenue	33,856	32,113	54,886	48,436
Cost of sales	(16,518)	(14,656)	(28,258)	(24,048)
Gross profit	17,338	17,457	26,628	24,388
Other operating income	12	-	17	63
Distribution expenses	(3,011)	(2,262)	(5,003)	(4,145)
Administrative expenses	(4,767)	(3,534)	(8,365)	(6,082)
Other operating expenses	(315)	(192)	(502)	(486)
Operating profit	9,257	11,469	12,775	13,738
Interest income	66	109	75	222
Finance costs	(285)	(113)	(572)	(209)
Profit before tax	9,038	11,465	12,278	13,751
Tax expense	(2,374)	(3,128)	(3,294)	(3,766)
Profit for the financial period	6,664	8,337	8,984	9,985
Other comprehensive income, net of tax				
Fair value of available-for-sale financial assets	29	-	29	-
Total comprehensive income for the financial period	6,693	8,337	9,013	9,985
Profit attributable to :				
- Owners of the Company	6,635	8,337	8,667	9,985
- Non-controlling interests	29	-	317	-
	6,664	8,337	8,984	9,985
Total comprehensive income attributable to :				
- Owners of the Company	6,655	8,337	8,687	9,985
- Non-controlling interests	38	-	326	-
	6,693	8,337	9,013	9,985
Earnings per share (sen) attributable to owners of the Company:				
- Basic ⁽²⁾	5.00	6.56	6.67	7.86
- Diluted	N/A	N/A	N/A	N/A

Notes:

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements of Sasbadi Holdings Berhad ("the Company") for the financial year ended 31 August 2015 and the accompanying explanatory notes attached to these interim financial statements.

(2) Based on the weighted average number of ordinary shares in issue as detailed in Note B11.

N/A Not applicable



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (1)

	Unaudited As at 29.02.2016 RM'000	Audited As at 31.08.2015 RM'000
ASSETS		
Property, plant and equipment	37,591	30,872
Intangible assets	21,664	22,326
Other investments	372	343
Deferred tax assets	64	64
Total non-current assets	59,691	53,605
Inventory	38,551	37,060
Current tax assets	1,657	1,144
Trade and other receivables	51,809	40,417
Prepayments	376	244
Cash and cash equivalents	35,935	8,338
Total current assets	128,328	87,203
Total assets	188,019	140,808
EQUITY		
Share capital	69,850	63,500
Share premium	38,400	13,461
Reserves	34,162	28,269
Equity attributable to owners of the Company	142,412	105,230
Non-controlling interests	5,387	5,061
Total equity	147,799	110,291
LIABILITIES		
Borrowings	6,011	99
Deferred tax liabilities	5,703	6,092
Total non-current liabilities	11,714	6,191
Borrowings	6,126	9,333
Provisions	2,466	1,199
Dividend payable	2,794	-
Trade and other payables	15,785	13,438
Current tax liabilities	1,335	356
Total current liabilities	28,506	24,326
Total liabilities	40,220	30,517
Total equity and liabilities	188,019	140,808
Net assets per share attributable to owners of the Company (RM)	1.02 (2)	0.83 (3)

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 2015 and the accompanying explanatory notes attached to these interim financial statements.
- (2) Based on the issued share capital of 139,700,000 ordinary shares as at 29 February 2016.
- (3) Based on the issued share capital of 127,000,000 ordinary shares as at 31 August 2015.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX (6) MONTHS ENDED 29 FEBRUARY 2016 (1)

	Non-distributable				Distributable			Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Merger deficit RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 September 2015	63,500	13,461	(50,500)	-	13,596	65,173	105,230	5,061	110,291
Fair value of available-for-sale financial assets	-	-	-	20	-	-	20	9	29
Total other comprehensive income	-	-	-	20	-	-	20	9	29
Profit for the financial period	-	-	-	-	-	8,667	8,667	317	8,984
Total comprehensive income for the financial period	-	-	-	20	-	8,667	8,687	326	9,013
<i>Contributions by and distributions to owners of the Company</i>									
Issue of ordinary shares	6,350	25,273	-	-	-	-	31,623	-	31,623
Share issuance expenses	-	(334)	-	-	-	-	(334)	-	(334)
Dividends to owners of the Company	-	-	-	-	-	(2,794)	(2,794)	-	(2,794)
Total transactions with owners of the Company	6,350	24,939	-	-	-	(2,794)	28,495	-	28,495
At 29 February 2016	69,850	38,400	(50,500)	20	13,596	71,046	142,412	5,387	147,799
At 1 September 2014	63,500	13,461	(50,500)	-	13,596	53,652	93,709	-	93,709
Profit/Total comprehensive income for the financial period	-	-	-	-	-	9,985	9,985	-	9,985
Dividends to owners of the Company	-	-	-	-	-	(3,810)	(3,810)	-	(3,810)
At 28 February 2015	63,500	13,461	(50,500)	-	13,596	59,827	99,884	-	99,884

Note:

(1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2015 and the accompanying explanatory notes attached to these interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX (6) MONTHS ENDED 29 FEBRUARY 2016 (1)

	Current Year-To-Date 29.02.2016 RM'000	Preceding Year-To-Date 28.02.2015 RM'000
Cash flows from operating activities		
Profit before tax	12,278	13,751
Adjustments for:		
Amortisation of intangible assets	662	292
Depreciation of property, plant and equipment	1,217	1,061
Gain on disposal of property, plant and equipment	(5)	(63)
Interest expense	549	196
Interest income	(75)	(222)
Provision for sales returns	1,267	1,851
Operating profit before changes in working capital	<u>15,893</u>	<u>16,866</u>
Changes in inventories	(1,491)	(3,501)
Changes in trade and other receivables and prepayments	(11,524)	(10,119)
Changes in trade and other payables	<u>2,347</u>	<u>6,640</u>
Cash generated from operations	<u>5,225</u>	<u>9,886</u>
Tax paid	(3,217)	(2,728)
Interest paid	(487)	(190)
interest received	<u>75</u>	<u>222</u>
Net cash generated from operating activities	<u>1,596</u>	<u>7,190</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	5	63
Acquisition of intangible assets	-	(1,000)
Acquisition of property, plant and equipment	<u>(7,936)</u>	<u>(1,633)</u>
Net cash used in investing activities	<u>(7,931)</u>	<u>(2,570)</u>
Cash flows from financing activities		
Repayment of bankers' acceptance	(941)	-
Repayment of finance lease liabilities	(58)	(50)
Repayment of term loan	(46)	-
Proceeds from term loan	6,300	-
Net proceeds from issuance of shares	31,289	-
Interest paid	<u>(62)</u>	<u>(6)</u>
Net cash generated from/(used in) financing activities	<u>36,482</u>	<u>(56)</u>
Net increase in cash and cash equivalents	<u>30,147</u>	<u>4,564</u>
Cash and cash equivalents at beginning of the financial period	<u>45</u>	<u>20,562</u>
Cash and cash equivalents at end of the financial period	<u>30,192</u>	<u>25,126</u>

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

Cash and bank balances	25,896	25,087
Deposit placed with a licensed bank	39	39
Liquid investments	<u>10,000</u>	<u>-</u>
	<u>35,935</u>	<u>25,126</u>
Less: Bank overdraft	<u>(5,743)</u>	<u>-</u>
	<u>30,192</u>	<u>25,126</u>



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016 (CONT'D) (1)

Note:

- (1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2015 and the accompanying explanatory notes attached to these interim financial statements.*



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

A1. Accounting Policies and Basis of Preparation

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

These interim financial statements should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2015 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 2015.

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 2015, 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 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- . Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- . MFRS 14, *Regulatory Deferral Accounts*
- . Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- . 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)*



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- . 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 2018

- . MFRS 9, *Financial Instruments (2014)*
- . MFRS 15, *Revenue from Contracts with Customers*

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, Amendments to MFRS 141 and Amendments to MFRS 119 which are not applicable to the Group.
- . 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 is not expected to have any material financial impacts to the financial statements of the Group except as mentioned below:

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.



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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 2015 were not qualified.

A3. Seasonality or Cyclicity of Operations

The Group's business operations are exposed to seasonality patterns as the Group generally experiences significantly higher quarterly sales in the second financial quarter (December to February) compared to the other three (3) financial quarters. This is primarily caused by the timing of the start of the academic year for national schools. As a result, the seasonal sales patterns may adversely impact on the Group's quarterly revenue, profit and cash flow. Nevertheless, the Group takes the seasonality patterns into consideration in our cash flow planning.

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 financial 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 financial quarter and current financial year-to-date.

A6. Debt and Equity Securities

The Company has completed the placement of 12,700,000 new ordinary shares of RM0.50 each in the Company at RM2.49 per share to third party investors ("Private Placement") on 20 January 2016.

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

A7. Dividend Paid

No dividend was paid by the Company in the current financial quarter.



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A8. Segment Information

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

Current financial quarter ended 29.02.2016

	Sasbadi Holdings Berhad RM'000	Sasbadi Sdn Bhd RM'000	Sasbadi Online Sdn Bhd RM'000	Sasbadi Sdn Bhd RM'000	Orbit Buku Sdn Bhd RM'000	Malaysian Book Promotions Sdn Bhd RM'000	Sasbadi Learning Solutions Sdn Bhd RM'000	Sanjung Unggul Sdn Bhd and its subsidiaries RM'000	Other entities RM'000	Inter-company elimination RM'000	Total RM'000
Revenue	3,000	27,639	842	732	1,102	1,754	4,294	-	(5,507)	33,856	
Cost of sales	-	(13,354)	(681)	(393)	(630)	(877)	(3,090)	-	2,507	(16,518)	
Gross profit	3,000	14,285	161	339	472	877	1,204	-	(3,000)	17,338	

Add/(Less):

Other operating income
Distribution expenses
Administrative expenses
Other operating expenses

12
(3,011)
(4,767)
(315)
9,257

Operating profit

Current financial year to-date ended 29.02.2016

	Sasbadi Holdings Berhad RM'000	Sasbadi Sdn Bhd RM'000	Sasbadi Online Sdn Bhd RM'000	Sasbadi Sdn Bhd RM'000	Orbit Buku Sdn Bhd RM'000	Malaysian Book Promotions Sdn Bhd RM'000	Sasbadi Learning Solutions Sdn Bhd RM'000	Sanjung Unggul Sdn Bhd and its subsidiaries RM'000	Other entities RM'000	Inter-company elimination RM'000	Total RM'000
Revenue	3,000	42,377	1,694	979	1,928	2,505	9,648	-	(7,245)	54,886	
Cost of sales	-	(22,047)	(1,260)	(551)	(975)	(1,248)	(6,422)	-	4,245	(28,258)	
Gross profit	3,000	20,330	434	428	953	1,257	3,226	-	(3,000)	26,628	

Add/(Less):

Other operating income
Distribution expenses
Administrative expenses
Other operating expenses

17
(5,003)
(8,365)
(502)
12,775

Operating profit



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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.

Preceding financial year's corresponding quarter ended 28.02.2015

	Sasbadi Holdings Berhad		Sasbadi Online Sdn Bhd		Orbit Buku Bhd Sdn Bhd		Malaysian Book Promotions Sdn Bhd		Sasbadi Learning Solutions Sdn Bhd		Other entities		Inter-company elimination		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue	3,840	30,065	144	1,165	330	2,274	1,165	32,113	-	(5,705)	-	(5,705)	-	32,113	
Cost of sales	-	(14,491)	(219)	(521)	(185)	(1,105)	(521)	(14,656)	-	1,865	-	1,865	-	(14,656)	
Gross profit	3,840	15,574	(75)	644	145	1,169	644	17,457	-	(3,840)	-	(3,840)	-	17,457	
Add/(Less):															
Other operating income															-
Distribution expenses															(2,262)
Administrative expenses															(3,534)
Other operating expenses															(192)
Operating profit															<u>11,469</u>

Preceding financial year's corresponding year-to-date ended 28.02.2015

	Sasbadi Holdings Berhad		Sasbadi Online Sdn Bhd		Orbit Buku Bhd Sdn Bhd		Malaysian Book Promotions Sdn Bhd		Sasbadi Learning Solutions Sdn Bhd		Other entities		Inter-company elimination		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue	3,840	45,455	454	1,165	391	2,993	1,165	48,436	-	(5,862)	-	(5,862)	-	48,436	
Cost of sales	-	(23,533)	(364)	(522)	(253)	(1,398)	(522)	(24,048)	-	2,022	-	2,022	-	(24,048)	
Gross profit	3,840	21,922	90	643	138	1,595	643	24,388	-	(3,840)	-	(3,840)	-	24,388	
Add/(Less):															
Other operating income															63
Distribution expenses															(4,145)
Administrative expenses															(6,082)
Other operating expenses															(486)
Operating profit															<u>13,738</u>



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A9. Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment undertaken in the current financial quarter.

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

The Company has, on 9 March 2016, completed a share split involving the subdivision of every one (1) existing ordinary share of RM0.50 each in the Company into two (2) ordinary shares of RM0.25 each in the Company.

With the completion of the share split, the Company's issued and paid-up capital of RM69,850,000 now comprises 279,400,000 ordinary shares of RM0.25 each.

Save as disclosed above, there were no material events subsequent to the end of the current financial quarter up to the date of this report that have not been reflected in the financial statements.

A11. Effects of Changes in Composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

A12. Capital Commitments

There were no material capital commitments for the Group for the current financial quarter.

A13. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

	As at 29.02.2016 RM'000	As at 31.08.2015 RM'000
Bank guarantees obtained by the subsidiary, Sasbadi Sdn Bhd, to the Ministry of Education Malaysia	488	488

Contingent Assets

The Group does not have any material contingent assets as at 29 February 2016.



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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 29 February 2016 against Preceding Financial Year's Corresponding Quarter ended 28 February 2015

The Group recorded a revenue of RM33.856 million for the current financial quarter as compared to RM32.113 million for the preceding financial year's corresponding quarter, representing an increase of RM1.743 million (equivalent to a 5.4% increase).

The increase in revenue was mainly attributable to the consolidation of the results of Sanjung Unggul Sdn Bhd ("Sanjung Unggul") and its subsidiaries ("Sanjung Unggul Group") post acquisition by the Company of 70% equity interest in Sanjung Unggul in August 2015. This was, however, partly offset by the lower revenue recorded by the subsidiaries involved in academic book publishing, i.e. Sasbadi Sdn Bhd and Malaysian Book Promotions Sdn Bhd, as significant resources were channeled towards participation in textbook tenders of the Ministry of Education Malaysia ("MoE"), coupled with slower retail sales. The MoE had, in October and December 2015, announced the textbook tenders, and the tenders have closed in February and early April 2016, with the results expected in May/June 2016. The winning tenderers are expected to publish, print and deliver the textbooks to the schools in the last quarter of the calendar year 2016 (for use in the calendar year 2017).

The Group recorded a profit before tax ("PBT") of RM9.038 million for the current financial quarter, representing a drop of RM2.427 million (equivalent to 21.2%) from RM11.465 million recorded for the preceding financial year's corresponding quarter. The drop was mainly due to lower revenue as explained above, and increased staff headcount for capacity building.

Current Financial Year-to-Date ended 29 February 2016 against Preceding Financial Year's Corresponding Year-to-Date ended 28 February 2015

The Group recorded an increase in revenue of RM6.450 million (equivalent to 13.3%) from RM48.436 million for the preceding financial year's corresponding year-to-date to RM54.886 million for the current financial year-to-date. However, the Group's PBT declined by 10.7% to RM12.278 million for the current financial year-to-date as compared to RM13.751 million recorded for the preceding financial year's corresponding year-to-date.

The increase in the Group's revenue and the decline in PBT were mainly attributable to the reasons mentioned above.

B2. Variation of Results for the current financial quarter ended 29 February 2016 against the immediate preceding financial quarter

The Group recorded a revenue of RM33.856 million for the current financial quarter as compared to the immediate preceding financial quarter's revenue of RM21.030 million, an increase of RM12.826 million or 61.0%. On the other hand, the Group's PBT for the current financial quarter increased by RM5.798 million (equivalent to 179.0%) to RM9.038 million as compared to RM3.240 million in the immediate preceding financial quarter.

The increase was the result of the seasonally stronger second financial quarter with higher sales due to the start of the school academic year.



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B3. Group's Prospects for the financial year ending ("FYE") 31 August 2016

The market outlook remains challenging. Notwithstanding that, our economy is expected to grow in 2016, albeit at a lower rate of 4% to 4.5%, with the growth being driven by domestic demand.

In spite of the temporary set back of lower profits for the financial quarter 2, the prospects of the Group remain good as we believe retail sales will recover during calendar year 2016 on the strength of sustained economic growth and sound monetary policies of the Government.

The Group will continue to pursue its growth strategy organically and inorganically, for the remaining quarters of FYE 31 August 2016. For organic growth, the Group will continue to introduce new titles/products to the market and explore new sales channels, while for inorganic growth, the Group will pursue acquisition targets within the publishing/ education/ education-related industries.

Premised on the above and barring any unforeseen circumstances, the Group remains cautiously positive of our prospects and performance for FYE 31 August 2016.

B4. Variance of Profit Forecast

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

B5. Notes to the Statement of Comprehensive Income

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 29.02.2016 RM'000	Preceding Year Quarter 28.02.2015 RM'000	Current Year-To-Date 29.02.2016 RM'000	Preceding Year-To-Date 28.02.2015 RM'000
Amortisation of intangible assets	331	155	662	292
Depreciation on property, plant and equipment	604	527	1,217	1,061
Gain on disposal of property, plant and equipment	-	-	(5)	(63)
Interest expense	267	105	549	196
Interest income	(66)	(109)	(75)	(222)
(Reversal of inventories write-down)/ Inventories write-down	(34)	819	174	1,492
Realised foreign exchange loss	-	7	1	88
Provision for sales returns	1,071	2,437	1,267	1,851

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 Quarter 29.02.2016 RM'000	Preceding Year Quarter 28.02.2015 RM'000	Current Year-To-Date 29.02.2016 RM'000	Preceding Year-To-Date 28.02.2015 RM'000
Current tax expense				
- Current period	2,657	3,662	3,683	4,221
- Prior period	-	-	-	-
	<u>2,657</u>	<u>3,662</u>	<u>3,683</u>	<u>4,221</u>
Deferred tax expense				
- Current period	(283)	(534)	(389)	(455)
- Prior period	-	-	-	-
	<u>(283)</u>	<u>(534)</u>	<u>(389)</u>	<u>(455)</u>
Total income tax expense	<u>2,374</u>	<u>3,128</u>	<u>3,294</u>	<u>3,766</u>

The effective tax rate for the current financial quarter and current 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

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



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(ii) **Utilisation of proceeds**

(a) 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 29 February 2016 is as follows:

	Purpose	Proposed utilisation	Actual utilisation	Deviation	Balance	Estimated timeframe for utilisation (from 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	17,500 [^]	(17,500)	-	-	Within two (2) years
(iii)	Financing of the acquisition of intellectual property rights	1,000 ^{^^}	(1,000)	-	-	Within one (1) year
(iv)	Working capital	2,728	(2,379)	(349) *	-	Within one (1) year
(v)	Estimated listing expenses	3,000	(3,349)	349 *	-	Upon Listing
	Total gross proceeds	25,228	(24,362)	-	866	

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 and the Company's announcements dated 29 October 2014 and 7 August 2015.

[^] Revised as per the Company's announcements dated 29 October 2014 and 7 August 2015.

^{^^} 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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(b) The Company has completed the Private Placement on 20 January 2016. The status of the utilisation of the gross proceeds of RM31.623 million raised from the Private Placement as at 29 February 2016 is as follows:

Purpose	Proposed utilisation	Actual utilisation	Balance	Estimated timeframe for utilisation (from receipt of proceeds)
	RM'000	RM'000	RM'000	
(i) Part financing of future acquisition(s) of publishing/ education/ education-related business(es), or intellectual property rights.	20,000	-	20,000	Within eighteen (18) months
(ii) Part repayment of bank borrowings	6,000	(6,000)	-	Within three (3) months
(iii) Working capital*	5,103	(5,103)	-	Within six (6) months
(iv) Estimated expenses in relation to the Proposals*	520	(383)	137	Within three (3) months [^]
Total gross proceeds	<u>31,623</u>	<u>(11,486)</u>	<u>20,137</u>	

Note:

* Any variation in the actual amount of the expenses will be adjusted to the portion of the proceeds to be utilised for working capital purposes.

[^] Revised from one (1) month to three (3) months as per the Company's announcement dated 18 February 2016.

B8. Group Borrowings

The Group borrowings as at 29 February 2016 were as follows:

	As at 29.02.2016 RM'000	As at 31.08.2015 RM'000
Non-current		
Finance lease liabilities	41	99
Term loan	5,970	-
	<u>6,011</u>	<u>99</u>
Current		
Finance lease liabilities	99	99
Term loan	284	-
Bank overdraft - secured	5,743	8,293
Bankers' acceptances - secured	-	941
	<u>6,126</u>	<u>9,333</u>
	<u>12,137</u>	<u>9,432</u>

The above borrowings are denominated in Ringgit Malaysia.



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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

On 26 April 2016, the Board of Directors of the Company has declared and approved the payment of an interim single tier dividend of one (1) sen per ordinary share of RM0.25 each in respect of the financial year ending 31 August 2016. The interim dividend will be paid on 9 June 2016 to shareholders registered in the Record of Depositors as at 19 May 2016.

A final single tier dividend of two (2) sen per ordinary share of RM0.50 each in respect of the financial year ended 31 August 2015 was approved by the shareholders at the last Annual General Meeting held on 18 February 2016. The final dividend dividend was paid on 18 March 2016.

B11. Earnings Per Share

(a) Basic Earnings Per Share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 29.02.2016 RM'000	Preceding Year Quarter 28.02.2015 RM'000	Current Year-To-Date 29.02.2016 RM'000	Preceding Year-To-Date 28.02.2015 RM'000
Profit attributable to owners of the Company	6,635	8,337	8,667	9,985
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	132,722	127,000	129,861	127,000
Basic earnings per ordinary share (sen)	5.00	6.56	6.67	7.86

(b) Diluted Earnings Per Share

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



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B12. Realised and Unrealised Profits/(Losses) Disclosure

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

	As at 29.02.2016 RM'000	As at 31.08.2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	77,412	70,661
- Unrealised	(6,366)	(5,488)
Total retained earnings	<u>71,046</u>	<u>65,173</u>

Note:

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

By order of the Board
Kuala Lumpur
26 April 2016