



**SASBADI HOLDINGS BERHAD (1022660-T)**  
 Incorporated in Malaysia  
 FIRST QUARTER REPORT ENDED 30 NOVEMBER 2017

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2017 <sup>(1)</sup>**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.11.2017 RM'000	Preceding Year Quarter 30.11.2016 RM'000	Current Year-To-Date 30.11.2017 RM'000	Preceding Year-To-Date 30.11.2016 RM'000
<b>Revenue</b>	29,478	31,211	29,478	31,211
Cost of sales	(15,227)	(16,297)	(15,227)	(16,297)
<b>Gross profit</b>	14,251	14,914	14,251	14,914
Other operating income	249	226	249	226
Distribution expenses	(2,609)	(2,420)	(2,609)	(2,420)
Administrative expenses	(4,060)	(4,390)	(4,060)	(4,390)
Other operating expenses	(739)	(1,595)	(739)	(1,595)
<b>Results from operating activities</b>	7,092	6,735	7,092	6,735
Finance income	13	51	13	51
Finance costs	(799)	(407)	(799)	(407)
<b>Profit before tax</b>	6,306	6,379	6,306	6,379
Tax expense	(1,858)	(1,628)	(1,858)	(1,628)
<b>Net profit for the financial period</b>	4,448	4,751	4,448	4,751
<b>Other comprehensive income for the financial period, net of tax</b>				
Fair value of available-for-sale financial assets	(15)	(13)	(15)	(13)
<b>Total comprehensive income for the financial period</b>	4,433	4,738	4,433	4,738
<b>Net profit for the financial period attributable to:</b>				
- Owners of the Company	4,448	4,337	4,448	4,337
- Non-controlling interests	-	414	-	414
	4,448	4,751	4,448	4,751
<b>Total comprehensive income attributable to:</b>				
- Owners of the Company	4,433	4,328	4,433	4,328
- Non-controlling interests	-	410	-	410
	4,433	4,738	4,433	4,738
<b>Earnings per share (sen) attributable to owners of the Company:</b>				
- Basic <sup>(2)</sup>	1.06	1.03	1.06	1.03
- 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 2017 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 30 NOVEMBER 2017 <sup>(1)</sup>**

	Unaudited As at 30.11.2017 RM'000	Audited As at 31.08.2017 RM'000
<b>ASSETS</b>		
Property, plant and equipment	43,865	44,306
Investment properties	2,571	2,584
Intangible assets	25,890	26,217
Other investments	356	371
Deferred tax assets	1,683	1,369
<b>Total non-current assets</b>	<b>74,365</b>	<b>74,847</b>
Inventories	69,427	65,188
Current tax assets	1,974	2,805
Trade and other receivables	70,174	54,122
Prepayments	2,238	2,888
Cash and cash equivalents	6,009	10,246
<b>Total current assets</b>	<b>149,822</b>	<b>135,249</b>
<b>Total assets</b>	<b>224,187</b>	<b>210,096</b>
<b>EQUITY</b>		
Share capital	108,210	108,210
Treasury shares	(1)	(1)
Reserves	41,607	37,174
<b>Total equity</b>	<b>149,816</b>	<b>145,383</b>
<b>LIABILITIES</b>		
Loans and borrowings	19,442	20,429
Deferred tax liabilities	6,603	6,463
<b>Total non-current liabilities</b>	<b>26,045</b>	<b>26,892</b>
Loans and borrowings	26,073	16,267
Provisions	1,867	1,203
Trade and other payables	19,996	20,351
Current tax liabilities	390	-
<b>Total current liabilities</b>	<b>48,326</b>	<b>37,821</b>
<b>Total liabilities</b>	<b>74,371</b>	<b>64,713</b>
<b>Total equity and liabilities</b>	<b>224,187</b>	<b>210,096</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>0.36</b>	<b>0.35</b>

**Note:**

(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 2017 and the accompanying explanatory notes attached to these interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE (3) MONTHS ENDED 30 NOVEMBER 2017 <sup>(1)</sup>**

	←----- Non-distributable ----->					Distributable	
	Share capital RM'000	Treasury shares RM'000	Merger deficit RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 September 2017</b>	108,210	(1)	(50,500)	20	13,596	74,058	145,383
Fair value of available-for-sale financial assets	-	-	-	(15)	-	-	(15)
Total other comprehensive income	-	-	-	(15)	-	-	(15)
Net profit for the financial period	-	-	-	-	-	4,448	4,448
<b>Total comprehensive income for the financial year</b>	-	-	-	(15)	-	4,448	4,433
<b>At 30 November 2017</b>	108,210	(1)	(50,500)	5	13,596	78,506	149,816



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE (3) MONTHS ENDED 30 NOVEMBER 2017<sup>(1)</sup> (CONT'D)**

	Non-distributable					Distributable			Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Merger deficit RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000		
<b>At 1 September 2016</b>	69,850	38,401	-	(50,500)	17	13,596	76,280	147,644	5,467	153,111
Fair value of available-for-sale financial assets	-	-	-	-	(9)	-	-	(9)	(4)	(13)
Total other comprehensive income	-	-	-	-	(9)	-	-	(9)	(4)	(13)
Net profit for the financial period	-	-	-	-	-	-	4,337	4,337	414	4,751
<b>Total comprehensive income for the financial period</b>	-	-	-	-	(9)	-	4,337	4,328	410	4,738
<i>Contributions by and distributions to owners of the Company</i>										
Repurchase of shares	-	-	(1)	-	-	-	-	(1)	-	(1)
<b>Total transactions with owners of the Company</b>	-	-	(1)	-	-	-	-	(1)	-	(1)
<b>At 30 November 2016</b>	69,850	38,401	(1)	(50,500)	8	13,596	80,617	151,971	5,877	157,848

**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 2017 and the accompanying explanatory notes attached to these interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE (3) MONTHS ENDED 30 NOVEMBER 2017 <sup>(1)</sup>**

	Current Year-To-Date 30.11.2017 RM'000	Preceding Year-To-Date 30.11.2016 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	6,306	6,379
Adjustments for:		
Amortisation of intangible assets	330	547
Depreciation on property, plant and equipment	626	614
Depreciation on investment properties	13	13
Impairment loss on trade receivables	168	558
Gain on disposal of property, plant and equipment	(32)	(187)
Finance costs	799	407
Finance income	(13)	(51)
Provision for sales returns	664	643
Operating profit before changes in working capital	<u>8,861</u>	<u>8,923</u>
Changes in inventories	(4,239)	(4,073)
Changes in trade and other receivables and prepayments	(15,570)	(18,670)
Changes in trade and other payables	<u>(355)</u>	<u>(880)</u>
Cash used in operations	(11,303)	(14,700)
Tax paid	(1,214)	(1,803)
Tax refunded	403	-
Interest paid	(377)	(243)
Interest received	<u>13</u>	<u>51</u>
Net cash used in operating activities	<u>(12,478)</u>	<u>(16,695)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	32	225
Acquisition of subsidiaries, net of cash and cash equivalents	-	(848)
Acquisition of intangible assets	(3)	(4)
Acquisition of property, plant and equipment	<u>(185)</u>	<u>(235)</u>
Net cash used in investing activities	<u>(156)</u>	<u>(862)</u>
<b>Cash flows from financing activities</b>		
Net drawdown of bankers' acceptances	3,036	2,469
Repayment of finance lease liabilities	(7)	(20)
Repayment of term loans	(971)	(600)
Purchase of treasury shares	-	(1)
Interest paid	<u>(422)</u>	<u>(164)</u>
Net cash generated from financing activities	<u>1,636</u>	<u>1,684</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,998)</b>	<b>(15,873)</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>(2,774)</b>	<b>16,645</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b><u>(13,772)</u></b>	<b><u>772</u></b>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE (3) MONTHS ENDED 30 NOVEMBER 2017 <sup>(1)</sup> (CONT'D)**

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

	<b>Current Year-To-Date 30.11.2017 RM'000</b>	<b>Preceding Year-To-Date 30.11.2016 RM'000</b>
Cash and bank balances	5,291	9,085
Deposit placed with a licensed bank	718	1,047
Short term funds	-	5,000
	<hr/>	<hr/>
	6,009	15,132
Less : Deposits pledged	(648)	(648)
Bank overdrafts	(19,133)	(13,712)
	<hr/>	<hr/>
	(13,772)	772
	<hr/>	<hr/>

**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 2017 and the accompanying explanatory notes attached to these interim financial statements.*



**A EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING**

**A1. Accounting Policies and Basis of Preparation**

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

These interim financial statements should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2017 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 2017.

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 2017, 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 2018***

- . MFRS 9, *Financial Instruments (2014)*
- . MFRS 15, *Revenue from Contracts with Customers*
- . Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- . IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- . Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- . Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*
- . Amendments to MFRS 4, *Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- . Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- . Amendments to MFRS 140, *Investment Property - Transfers of Investment Property*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- . MFRS 16, *Leases*
- . IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- . Amendments to MFRS 128, *Long-term Interests in Associates and Joint Ventures*
- . Amendments to MFRS 9, *Prepayment Features with Negative Compensation*



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***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021***

- MFRS 17, Insurance Contracts

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

- From the annual period beginning on 1 September 2018 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2018.
- From the annual period beginning on 1 September 2019 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2019; and
- From the annual period beginning on 1 September 2021 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2021.

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.

**MFRS 16, *Leases***

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

**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 2017 were not qualified.





**A3. Seasonality or Cyclicity of Operations**

The Group's business operations are exposed to seasonality patterns as the Group generally experiences higher quarterly sales in the second financial quarter (December to February) and lower quarterly sales in the fourth financial quarter (June to August) compared to the other two (2) 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. In addition, the Group is consistently seeking ways to reduce the seasonality patterns such as stepping up efforts to grow our non-academic segment which is less prone to seasonality, and entering into new market segments.

**A4. Unusual Items**

There were no significant items affecting the 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.

**A5. Changes in Estimates**

During the financial period, the Group conducted a review of our intellectual properties which resulted in changes in the expected usage period of the intellectual properties. The intellectual properties which were previously amortised over 10 years, have been determined to have a longer useful life of 15 years based on the Group's historical records of use of intellectual properties. As a result, the Group has changed the basis for amortisation of the intellectual properties from 10 to 15 years in the current financial quarter/year.

The revision is accounted for as a prospective change in accounting estimates and comparatives of the previous financial year ended 31 August 2017 are not restated. The change in the basis above has been treated as a change in accounting estimates and resulted in a reduction in amortisation of RM0.18 million during the current financial quarter.

**A6. Debt and Equity Securities**

(i) Employees' Share Option Scheme ("ESOS")

The Company has implemented an ESOS of up to ten percent (10%) of the Company's issued and paid-up share capital (excluding treasury shares, if any) for the eligible employees and executive directors of the Group effective from 1 September 2016. As at the date of this report, the Company has yet to grant any options under the ESOS.

(ii) Repurchase of Shares

The Company did not repurchase any of its own shares from the open market during the current financial quarter.

**A7. Dividend Paid**

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



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**A8. Segment Information**

Segmental information was previously presented by the Group in accordance with the Group's entities. However, beginning this current financial quarter/year, the Group has changed the presentation of the segmental information in accordance with the Group's operations and products, to provide for better monitoring and management, and clearer performance reporting.

**Current financial quarter / year-to-date ended 30 November 2017**

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	26,466	3,335	686	(1,009)	29,478
Cost of sales	(13,427)	(2,365)	(196)	761	(15,227)
Gross profit	13,039	970	490	(248)	14,251
<b>Add/(Less):</b>					
Other operating income					249
Distribution expenses					(2,609)
Administrative expenses					(4,060)
Other operating expenses					(739)
<b>Results from operating activities</b>					<b>7,092</b>

**Preceding financial year's corresponding quarter / year-to-date ended 30 November 2016**

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	26,158	1,205	4,310	(462)	31,211
Cost of sales	(13,786)	(1,066)	(1,907)	462	(16,297)
Gross profit	12,372	139	2,403	-	14,914
<b>Add/(Less):</b>					
Other operating income					226
Distribution expenses					(2,420)
Administrative expenses					(4,390)
Other operating expenses					(1,595)
<b>Results from operating activities</b>					<b>6,735</b>

**Notes:**

\* Digital/Online and Technology-enabled Solutions and Network Marketing Business Division

^ Applied Learning Products and Science, Technology, Engineering and Mathematics ("STEM") Education Services Division



**A9. Valuation of Property, Plant and Equipment**

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

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

There were no material events subsequent to the end of the current financial quarter up to the date of this report.

**A11. Effects of Changes in Composition of the Group**

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

**A12. Capital Commitments**

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

**A13. Changes in Contingent Liabilities and Contingent Assets**

Contingent Liabilities

There were no material changes in the Group's contingent liabilities since the last audited statement of financial position as at 31 August 2017.

Contingent Assets

The Group does not have any material contingent assets as at 30 November 2017.



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

**B1. Review of Performance**

The Group recorded a revenue of RM29.478 million for the current financial quarter as compared to RM31.211 million for the preceding financial year's corresponding quarter, representing a decrease of RM1.733 million (equivalent to a 5.6% decrease).

The decrease in revenue was due to the lower revenue of the Applied Learning Products and STEM Education Services Division ("ALP & STEM Education Division"), offset by the higher revenue recorded by the Digital/Online and Technology-enabled Solutions and Network Marketing Business Division ("Digital & Network Marketing Division"), and the Print Publishing Division.

The revenue recorded by the ALP & STEM Education Division for the preceding financial year's corresponding quarter included the non-recurring contract of RM3.850 million for the supply of robotics sets to the Ministry of Education Malaysia ("MoE"), hence the relatively lower revenue for the ALP & STEM Education Division for the current financial quarter. The higher revenue recorded by the Digital & Network Marketing Division was due to our network marketing/direct sales business continuing to gain momentum. The higher revenue recorded by the Print Publishing Division was due to better performance by the said Division arising from more timely publishing and introduction of new titles to the market coupled with higher revenue from new textbook contracts with the MoE. However, this was partly offset by the absence of revenue from orders of reprinted textbooks by the MoE in the current financial quarter (given that the revenue was already recognised in the immediate preceding financial quarter (June to August 2017)). For the preceding financial year's corresponding quarter, there was revenue recognised from reprinted textbooks arising from the delay in the orders from the MoE (from the June-to-August-2016 financial quarter).

The Group recorded a profit before tax ("PBT") of RM6.306 million for the current financial quarter, which was relatively unchanged from the PBT of RM6.379 million for the preceding financial year's corresponding quarter. The unchanged PBT was due to the slightly lower revenue recorded by the Group, offset by lower expenses incurred for the current financial quarter.

**B2. Variation of Results for the Current Financial Quarter ended 30 November 2017 against the Immediate Preceding Financial Quarter**

The Group's revenue showed a significant increase of RM16.493 million (equivalent to 127.1%) from RM12.985 million for the immediate preceding financial quarter to RM29.478 million for the current financial quarter. The increase in revenue was due to the immediate preceding financial quarter (i.e. the fourth financial quarter of June to August 2017) being a weak quarter, as explained in Note A3.

The Group recorded a significant increase of profits of RM11.848 million, from a loss before taxation of RM5.542 million for the immediate preceding financial quarter to a PBT of RM6.306 million for the current financial quarter, on the back of a marked improvement in revenue as explained above and lower expenses recorded in the current financial quarter.

**B3. Group's Prospects for the financial year ending ("FYE") 31 August 2018**

Based on the Economic Report 2017/18, the Malaysian economy is expected to remain resilient in 2018, with the real gross domestic product expanding between 5% and 5.5%, led by domestic demand. Private sector expenditure continues to be the primary driver of growth with private investment and consumption growing 8.9% and 6.8%, respectively. Meanwhile, public sector expenditure is forecast to decline, in line with lower capital outlays by public corporations. The economy is expected to continue to operate under conditions of full employment with an unemployment rate of below 4%, while inflation remains benign.

Notwithstanding the above, we anticipate that the retail market conditions will continue to remain weak for FYE 31 August 2018. In this regard, the Group has been stepping up our efforts to diversify beyond the core academic segment into new revenue streams where we do not have a significant presence. The Group has also been streamlining and leveraging resources within the Group to maximise efficiency and effectiveness.



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In addition, the Group will continue to capitalise on our Government's agenda with regard to STEM and smart classroom solutions by utilising the Group's existing and expanding digital solutions, technological know-how, as well as 21st Century learning tools and products. The Group will also continue to explore opportunities for synergistic collaborations with third parties that have similar drive and agenda, and to pursue growth in our market share of the direct users market via our network marketing/direct sales business.

Premised on the above and barring any unforeseen circumstances, the Group is positive of our prospects and performance for FYE 31 August 2018.

**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 30.11.2017 RM'000	Preceding Year Quarter 30.11.2016 RM'000	Current Year-To-Date 30.11.2017 RM'000	Preceding Year-To-Date 30.11.2016 RM'000
Amortisation of intangible assets	330	547	330	547
Depreciation on property, plant and equipment	626	614	626	614
Depreciation on investment properties	13	13	13	13
Gain on disposal of property, plant and equipment	(32)	(187)	(32)	(187)
Impairment loss on trade receivables	168	558	168	558
Finance costs	799	407	799	407
Finance income	(13)	(51)	(13)	(51)
Realised foreign exchange gain	(31)	(13)	(31)	(13)
Provision for sales returns	664	643	664	643

*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 30.11.2017 RM'000	Preceding Year Quarter 30.11.2016 RM'000	Current Year-To-Date 30.11.2017 RM'000	Preceding Year-To-Date 30.11.2016 RM'000
<b>Current tax expense</b>				
- Current period	2,003	2,340	2,003	2,340
- Prior period	29	(112)	29	(112)
	<u>2,032</u>	<u>2,228</u>	<u>2,032</u>	<u>2,228</u>
<b>Deferred tax expense</b>				
- Current period	(134)	(502)	(134)	(502)
- Prior period	(40)	(98)	(40)	(98)
	<u>(174)</u>	<u>(600)</u>	<u>(174)</u>	<u>(600)</u>
<b>Total tax expense</b>	<u>1,858</u>	<u>1,628</u>	<u>1,858</u>	<u>1,628</u>

The effective tax rate for the current financial quarter is higher than the statutory tax rate of 24% mainly due to certain expenses not allowable for income tax purposes.

**B7. Status of Corporate Proposals and Utilisation of Proceeds**

As at the date of this report:

- (i) there were no corporate proposals announced but not completed; and
- (ii) all proceeds from corporate proposals implemented by the Company in the past have been fully utilised.

**B8. Loans and Borrowings**

The Group's loans and borrowings as at 30 November 2017 were as follows:

	As at 30.11.2017 RM'000	As at 31.08.2017 RM'000
<b>Non-current</b>		
Finance lease liabilities	94	103
Term loans - secured	19,348	20,326
	<u>19,442</u>	<u>20,429</u>
<b>Current</b>		
Finance lease liabilities	29	27
Term loans - secured	3,875	3,868
Bank overdrafts - secured	19,133	12,372
Bankers' acceptances - secured	3,036	-
	<u>26,073</u>	<u>16,267</u>
	<u>45,515</u>	<u>36,696</u>

The above borrowings are denominated in Ringgit Malaysia.



**B9. Material Litigation**

On 21 July 2017, Sasbadi Sdn Bhd ("SSB"), a wholly-owned subsidiary of the Company, received a copy of the sealed Writ and Statement of Claim dated 29 June 2017 from Messrs Skrine, acting on behalf of Penerbitan Pelangi Sdn Bhd ("PPSB"). Please refer to the Company's announcement dated 24 July 2017 for details of the claims pursuant to the Writ and Statement of Claim.

The circumstances leading to the filing of the Writ and Statement of Claim against SSB was due to the alleged infringement of PPSB's copyright by SSB resulting from SSB's publishing and sales of books on past year question papers for the Sijil Tinggi Persekolahan Malaysia ("STPM") examination and the Malaysian University English Test ("MUET") under the publishing agreement entered into on 13 March 2017 between SSB and Majlis Peperiksaan Malaysia ("MPM") ("Publishing Agreement").

MPM is a statutory body established under the Malaysian Examinations Council Act 1980 ("the Act") and operates under the aegis of the Ministry of Education Malaysia. MPM is the sole owner of the question papers for the STPM examination and MUET. This is provided for under Section 27(1) of the Act which states that MPM has exclusive rights in all examination questions set by it or on its behalf.

Under the Publishing Agreement, MPM has granted an exclusive licence to SSB for a period of three (3) years from 1 January 2017 to 31 December 2019 to prepare, publish, print, distribute, market and sell the collections of past years question papers for the STPM examination and MUET.

In the Writ and Statement of Claim, PPSB is claiming copyright ownership in, inter alia, the past year question papers for the STPM examination and MUET for the years of 2011 to 2016.

SSB had, on 30 August 2017, via its solicitors, Messrs Shook Lin & Bok, filed its defence against the claim and submitted a counterclaim (Note: Please refer to the Company's announcement dated 5 September 2017 for details of the counterclaim). SSB had, on 27 September 2017, via its solicitors, Messrs Shook Lin & Bok, received a reply whereby PPSB denied SSB's counterclaims and SSB is put to strict proof of the said claims.

The Company remains steadfast that PPSB's claim on the copyright ownership is without basis and will rigorously challenge the allegation of infringement. At this juncture, the Company is not able to ascertain the financial impact arising from the claims. The claims, however, are not expected to have any material operational impact on the Group.

**B10. Dividend**

No dividend has been declared or recommended for payment by the Company for the current financial quarter.



**SASBADI HOLDINGS BERHAD (1022660-T)**  
 Incorporated in Malaysia  
 FIRST QUARTER REPORT ENDED 30 NOVEMBER 2017

**B11. Earnings Per Share**

(a) Basic Earnings Per Share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.11.2017 RM'000	Preceding Year Quarter 30.11.2016 RM'000	Current Year-To-Date 30.11.2017 RM'000	Preceding Year-To-Date 30.11.2016 RM'000
Net profit attributable to owners of the Company	4,448	4,337	4,448	4,337
Weighted average number of ordinary shares in issue ('000)	419,099	419,099 <sup>^</sup>	419,099	419,099 <sup>^</sup>
Basic earnings per ordinary share (sen)	1.06	1.03	1.06	1.03

**Note:**

<sup>^</sup>

On 14 August 2017, the Company completed the bonus issue of 139,699,500 new ordinary shares of the Company. The comparative figures have been restated to reflect the effects of the bonus issue.

(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.

**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)<sup>#</sup> is as follows:

	As at 30.11.2017 RM'000	As at 31.08.2017 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	85,293	80,355
- Unrealised	(6,787)	(6,297)
Total retained earnings	78,506	74,058

**Note:**

<sup>#</sup> 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  
 18 January 2018