SASBADI HOLDINGS BERHAD (1022660-T)

Incorporated in Malaysia

SECOND QUARTER REPORT ENDED 28 FEBRUARY 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2019 (1)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 28.02.2019 RM'000	Preceding Year Quarter 28.02.2018 RM'000 (Restated)	Current Year-To-Date 28.02.2019 RM'000	Preceding Year-To-Date 28.02.2018 RM'000 (Restated)
Revenue	24,327	26,314	54,835	53,828
Cost of sales	(11,903)	(11,128)	(27,248)	(25,650)
Gross profit	12,424	15,186	27,587	28,178
Other operating income	110	134	172	383
Distribution expenses	(2,403)	(2,669)	(4,666)	(5,278)
Administrative expenses	(4,327)	(4,248)	(8,179)	(8,308)
Other operating expenses	(213)	597	(1,780)	(1,603)
Results from operating activities	5,591	9,000	13,134	13,372
Finance income	3	3	6	16
Finance costs	(675)	(780)	(1,588)	(1,579)
Profit before tax	4,919	8,223	11,552	11,809
Tax expense	(1,290)	(2,137)	(3,541)	(3,342)
Net profit for the financial period	3,629	6,086	8,011	8,467
Other comprehensive income for the financial period, net of tax :				
Item that will not be reclassified subsequently to profit or loss				
Revaluation of land and buildings	-	8,888	-	8,888
Item that is or may be reclassified subsequently to profit or loss				
Fair value of available-for-sale financial assets	28	(5)	23	(20)
Other comprehensive income for the financial period, net of tax	28	8,883	23	8,868
Total comprehensive income for the financial period	3,657	14,969	8,034	17,335
Net profit for the financial period attributable to:				
- Owners of the Company	3,629	6,086	8,011	8,467
- Non-controlling interests	-	-	-	-
	3,629	6,086	8,011	8,467
Total comprehensive income attributable to :				
- Owners of the Company	3,657	14,969	8,034	17,335
- Non-controlling interests	-	-	-	-
	3,657	14,969	8,034	17,335
Earnings per share (sen) attributable to owners of the Company:				
- Basic	0.87	1.45	1.91	2.02
- 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 2018 and the accompanying explanatory notes attached to these interim financial statements.

N/A Not applicable

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2019 (1)

	Unaudited As at 28.02.2019 RM'000	Audited As at 31.08.2018 RM'000 (Restated)
ASSETS		
Property, plant and equipment	52,994	53,941
Investment properties	2,506	2,532
Intangible assets	25,766	26,075
Other investments	269	246
Deferred tax assets	3,025	2,827
Total non-current assets	84,560	85,621
Inventories	73,081	73,462
Current tax assets	3,571	3,897
Trade and other receivables	53,935	52,484
Prepayments	3,344	3,371
Cash and cash equivalents	8,252	6,164
Total current assets	142,183	139,378
Total assets	**226,743**	**224,999**
EQUITY		
Share capital	108,210	108,210
Treasury shares	(1)	(1)
Reserves	51,026	42,992
Total equity	159,235	151,201
LIABILITIES		
Loans and borrowings	14,887	16,558
Deferred tax liabilities	7,850	7,941
Total non-current liabilities	22,737	24,499
Loans and borrowings	24,636	26,097
Provisions	2,277	1,092
Trade and other payables	17,510	22,110
Current tax liabilities	348	-
Total current liabilities	44,771	49,299
Total liabilities	67,508	73,798
Total equity and liabilities	**226,743**	**224,999**
Net assets per share attributable to owners of the Company (RM)	**0.38**	**0.36**

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 2018 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX (6) MONTHS ENDED 28 FEBRUARY 2019 (1)

	<--- 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
At 31 August 2018, as previously stated	108,210	(1)	(50,500)	(25)	22,484	76,099	156,267
- Effects of adopting MFRS 9 and MFRS 15	-	-	-	-	-	(5,066)	(5,066)
Balance as at 1 September 2018, restated	108,210	(1)	(50,500)	(25)	22,484	71,033	151,201
Total comprehensive income for the financial period	-	-	-	23	-	8,011	8,034
Transactions with owners of the Company	-	-	-	-	-	-	-
At 28 February 2019	108,210	(1)	(50,500)	(2)	22,484	79,044	159,235

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX (6) MONTHS ENDED 28 FEBRUARY 2019 (1) (CONT'D)

	<---------------------------- 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
At 31 August 2017, as previously reported	108,210	(1)	(50,500)	20	13,596	74,058	145,383
- Effects of adopting MFRS 9 and MFRS 15	-	-	-	-	-	(4,277)	(4,277)
Balance as at 1 September 2017, restated	108,210	(1)	(50,500)	20	13,596	69,781	141,106
Total comprehensive income for the financial period	-	-	-	(20)	8,888	8,467	17,335
Transactions with owners of the Company	-	-	-	-	-	-	-
At 28 February 2018	108,210	(1)	(50,500)	-	22,484	78,248	158,441

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 2018 and the accompanying explanatory notes attached to these interim financial statements.

SASBADI HOLDINGS BERHAD (1022660-T)

Incorporated in Malaysia
SECOND QUARTER REPORT ENDED 28 FEBRUARY 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX (6) MONTHS ENDED 28 FEBRUARY 2019 (1)

	Current Year-To-Date 28.02.2019 RM'000	Preceding Year-To-Date 28.02.2018 RM'000 (Restated)
Cash flows from operating activities		
Profit before tax	11,552	11,809
Adjustments for:		
Amortisation of intangible assets	697	642
Depreciation on property, plant and equipment	1,183	1,216
Depreciation on investment properties	26	26
Dividend income	(5)	-
Write-off of property, plant and equipment	3	1
Impairment loss on trade receivables	441	443
Gain on disposal of property, plant and equipment	-	(32)
Finance costs	1,588	1,579
Finance income	(6)	(16)
Fair value of available-for-sale financial assets	-	8
Provision for sales returns	1,185	928
Operating profit before changes in working capital	16,664	16,604
Changes in inventories	381	(4,596)
Changes in trade and other receivables and prepayments	(1,865)	(9,414)
Changes in trade and other payables	(4,600)	(2,984)
Cash generated from/(used in) operations	10,580	(390)
Tax paid	(3,156)	(2,851)
Tax refunded	-	403
Interest paid	(925)	(758)
Interest received	6	16
Net cash generated from/(used in) operating activities	6,505	(3,580)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	2	32
Dividend received from other investments	5	-
Acquisition of intangible assets	(388)	(3)
Acquisition of property, plant and equipment	(241)	(235)
Net cash used in investing activities	(622)	(206)
Cash flows from financing activities		
Net (repayment)/drawdown of bankers' acceptances	(723)	944
Repayment of finance lease liabilities	(14)	(14)
Repayment of term loans	(3,138)	(1,934)
Proceeds from term loan	1,346	-
Interest paid	(663)	(821)
Net cash used in financing activities	(3,192)	(1,825)
Net increase/(decrease) in cash and cash equivalents	2,691	(5,611)
Cash and cash equivalents at beginning of the financial period	(14,012)	(2,774)
Cash and cash equivalents at end of the financial period	(11,321)	(8,385)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX (6) MONTHS ENDED 28 FEBRUARY 2019 (1) (CONT'D)

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

	Current Year-To-Date 28.02.2019 RM'000	Preceding Year-To-Date 28.02.2018 RM'000
Cash and bank balances	7,533	7,572
Deposit placed with a licensed bank	719	718
	8,252	8,290
Less : Deposits pledged	(606)	(648)
Bank overdrafts	(18,967)	(16,027)
	(11,321)	(8,385)

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 2018 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 2018 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 2018.

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 2018, 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 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits (Plan Amendment, Curtailment or Settlement)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Long-term Interests in Associates and Joint Ventures*

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

- 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 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.

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.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

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

The effects of first time-adoption of MRFS are primarily from the following:

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.

a) Classification and Measurement
The Group has concluded that the new classification requirement will not have a significant impact on its accounting for financial assets and financial liabilities.

b) Impairment
MFRS 9 replaces the 'incurred losses model' in MFRS 139 with the 'expected credit losses model' ("ECL"). The Group applied the simplified approach on a forward-looking basis and recognise expected credit losses for its trade receivables. The impact as a result of MFRS 9 adoption will be adjusted to Retained Earnings retrospectively.

The adoption of MFRS 9 has resulted in additional impairment of trade receivables of RM4.312 million and RM0.380 million as at 31 August 2018 and 28 February 2019 respectively.

MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 establishes a new five-step model that is applicable to revenue arising from contracts with customers. MFRS 15 supersedes the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations.

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has assessed the effects of applying the new standard on the Group’s financial statements and anticipates that the application of MFRS 15 and the impact upon adoption is as follows:-

a) Sale of Goods

Sale of Printed Books, Distribution of Applied Learning Products and Trading of Paper

These sales are generally made on an outright basis and the Group regards these sales transactions consist of a single performance obligation. The Group expects the revenue recognition to occur at a point in time when the customers take control of the goods, generally on delivery of the goods. As such, the Group concludes that there will be no impact on the timing of revenue recognition for these sales.

Sale of Online/Digital Educational Materials

Under the five-step model, sales of the online digital products are recognised over time as compared to the previous practice of the Group to recognise the revenue upon delivery of products, as consumers can only benefit from the usage of the products by logging in to the platform over the contracted period.

The Group adjusted an amount of RM3.043 million to reduce the retained earnings as at 31 August 2018 and classified as Contract Liabilities. The subsequent assessment was net increase to the revenue of RM235,000 for the current financial year-to-date ended 28 February 2019.

b) Variable Consideration

Sale of Printed Books, Distribution of Applied Learning Products and Trading of Paper

The Group's customary business practices provides customers a right of return and early settlement rebates. Upon adoption of MFRS 15, The Group will change the recognition method on the early settlement rebates from recognising the actual amount incurred as and when customers make payments to recognising the rebates based on an estimate at the time the revenue is recognised.

Based on historical data, the Group adjusted the rebate of RM0.075 million by reducing the retained earnings as at 31 August 2018 and classified it as Contract Liabilities. The subsequent assessment on rebate was net decrease of the revenue by RM0.219 million for the current quarter ended 28 February 2019.

Sale of Online/Digital Educational Materials

The Group previously classified the performance bonus paid to its distributors in its Cost of Sales. Under MFRS 15 , the Group is required to determine whether the consideration paid to its distributors is a payment for distinct goods or services. The performance bonus paid to the distributors are classified into two types ie:-

i) Personal Sales Bonus
ii) Group Network Sales Bonus

The Group is of the view that the Personal Sales Bonus is a reduction of transaction price and will be recognised over time as compared to the existing practice of the Group to recognise the revenue upon delivery of the products. On the other hand, the Group Network Sales Bonus is a consideration paid to distributors for the provision of distinct services and will be charged out to the income statement as it is incurred.

The reclassification of Personal Sales Bonus does not affect the retained earnings as at 31 August 2018. However, it reduced the revenue and cost of sales by the same amount of RM0.819 million for the current financial year-to-date ended 28 February 2019.

c) Cost to Obtain Contract

Sale of Online/Digital Educational Materials

Upon the adoption of MFRS 15, the Group expects to capitalise sales bonus (for newly-recruited distributors in the direct marketing business of online/digital educational products) as costs to obtain contract with a customer when they are incurred and expected to be recovered over the service period. These costs will be amortised consistently with the transfer of the service to the customer. Currently, these costs are recognised in the income statement.

The recognition of the personal sales bonus mentioned in item (b) above and the capitalisation of cost to obtain contract collectively resulted in an increase of RM0.764 million in retained earnings as at 31 August 2018 and is being classified as Contract Assets. The subsequent assessment was net decrease to the Contract Assets of RM0.069 million for the current financial year-to-date ended 28 February 2019.

The overall effects of the adoption of MFRS 9 and MFRS 15 are as follows:

Condensed Consolidated Statement of Profit or Loss for the quarter ended 28 February 2019

	Before MFRS Adjustments RM'000	Effects of adoption of MFRS 9 and MFRS 15 RM'000	28.02.2019 After MFRS Adjustments RM'000
Revenue	24,455	(128)	24,327
Cost of sales	(12,220)	317	(11,903)
Gross profit	12,235	189	12,424
Other operating income	110	-	110
Distribution expenses	(2,403)	-	(2,403)
Administrative expenses	(4,327)	-	(4,327)
Other operating expenses	(730)	517	(213)
Results from operating activities	4,885	706	5,591
Finance income	3	-	3
Finance costs	(675)	-	(675)
Profit before tax	4,213	706	4,919
Tax expense	(1,116)	(174)	(1,290)
Net profit for the financial period	3,097	532	3,629

Condensed Consolidated Statement of Profit or Loss for the six months ended 28 February 2019

	Before MFRS Adjustments RM'000	Effects of adoption of MFRS 9 and MFRS 15 RM'000	28.02.2019 After MFRS Adjustments RM'000
Revenue	55,638	(803)	54,835
Cost of sales	(27,998)	750	(27,248)
Gross profit	27,640	(53)	27,587
Other operating income	172	-	172
Distribution expenses	(4,666)	-	(4,666)
Administrative expenses	(8,179)	-	(8,179)
Other operating expenses	(1,400)	(380)	(1,780)
Results from operating activities	13,567	(433)	13,134
Finance income	6	-	6
Finance costs	(1,588)	-	(1,588)
Profit before tax	11,985	(433)	11,552
Tax expense	(3,645)	104	(3,541)
Net profit for the financial period	8,340	(329)	8,011

Condensed Consolidated Statement of Profit or Loss for the quarter ended 28 February 2018

	Before MFRS Adjustments RM'000	Effects of adoption of MFRS 9 and MFRS 15 RM'000	28.02.2018 After MFRS Adjustments RM'000
Revenue	26,493	(179)	26,314
Cost of sales	(11,638)	510	(11,128)
Gross profit	14,855	331	15,186
Other operating income	134	-	134
Distribution expenses	(2,669)	-	(2,669)
Administrative expenses	(4,248)	-	(4,248)
Other operating expenses	(589)	1,186	597
Results from operating activities	7,483	1,517	9,000
Finance income	3	-	3
Finance costs	(780)	-	(780)
Profit before tax	6,706	1,517	8,223
Tax expense	(1,773)	(364)	(2,137)
Net profit for the financial period	4,933	1,153	6,086

Condensed Consolidated Statement of Profit or Loss for the six months ended 28 February 2018

	As previously stated RM'000	Effects of adoption of MFRS 9 and MFRS 15 RM'000	28.02.2018 As restated RM'000
Revenue	55,971	(2,143)	53,828
Cost of sales	(26,865)	1,215	(25,650)
Gross profit	29,106	(928)	28,178
Other operating income	383	-	383
Distribution expenses	(5,278)	-	(5,278)
Administrative expenses	(8,308)	-	(8,308)
Other operating expenses	(1,328)	(275)	(1,603)
Results from operating activities	14,575	(1,203)	13,372
Finance income	16	-	16
Finance costs	(1,579)	-	(1,579)
Profit before tax	13,012	(1,203)	11,809
Tax expense	(3,631)	289	(3,342)
Net profit for the financial period	9,381	(914)	8,467

Statement of Financial Positions

The impact of adopting both MRFS 9 and MFRS 15 as at 31 August 2018 are as follows:

	As previously reported RM'000	Retrospective adjustments of MFRS RM'000	After MFRS Adjustments RM'000
Assets			
Deferred tax assets	1,227	1,600	2,827
Contract Assets	-	764	764
Trade and other receivables	56,032	(4,312)	51,720
Impact to assets	57,259	(1,948)	55,311
Liabilities			
Contract Liabilities	-	(3,118)	(3,118)
Trade and other payables	(18,992)	-	(18,992)
Impact to liabilities	(18,992)	(3,118)	(22,110)
Equity			
Retained Earnings	(76,099)	5,066	(71,033)

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 2018 were not qualified.

A3. Seasonality or Cyclicality 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 has implemented strategies to reduce the seasonality patterns such as expanding our market shares for non-academic segment which is less prone to seasonality, and entering into new market segments.

A4. Unusual Items

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 and current financial year-to-date.

A5. Changes in Estimates

There were no material changes in the estimates that have a material effect in the current financial quarter and financial year-to-date other than the effect of adoption of MFRS 9 as disclosed in Note A1.

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.

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.

A8. Segment Information

Segmental information is presented by the Group in accordance with the Group's operations and products, to provide for better monitoring and management, and clearer performance reporting.

Current financial quarter ended 28 February 2019

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	22,739	1,166	913	(491)	24,327
Cost of sales	(11,334)	(577)	(433)	441	(11,903)
Gross profit/(loss)	11,405	589	480	(50)	12,424
Add/(Less):					
Other operating income					110
Distribution expenses					(2,403)
Administrative expenses					(4,327)
Other operating expenses					(213)
Results from operating activities					5,591

Current financial year-to-date ended 28 February 2019

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	51,384	2,466	1,953	(968)	54,835
Cost of sales	(25,367)	(1,774)	(875)	768	(27,248)
Gross profit	26,017	692	1,078	(200)	27,587
Add/(Less):					
Other operating income					172
Distribution expenses					(4,666)
Administrative expenses					(8,179)
Other operating expenses					(1,780)
Results from operating activities					13,134

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*

A8. Segment Information (cont'd)

Preceding financial year's corresponding quarter ended 28 February 2018

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	23,790	2,217	879	(572)	26,314
Cost of sales	(9,773)	(1,337)	(444)	426	(11,128)
Gross profit	14,017	880	435	(146)	15,186
Add/(Less):					
Other operating income					134
Distribution expenses					(2,669)
Administrative expenses					(4,248)
Other operating expenses					597
Results from operating activities					9,000

Preceding financial year's corresponding year-to-date ended 28 February 2018

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	49,884	3,960	1,565	(1,581)	53,828
Cost of sales	(23,200)	(2,997)	(640)	1,187	(25,650)
Gross profit	26,684	963	925	(394)	28,178
Add/(Less):					
Other operating income					383
Distribution expenses					(5,278)
Administrative expenses					(8,308)
Other operating expenses					(1,603)
Results from operating activities					13,372

A9. Valuation of Property, Plant and Equipment

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

During the preceding financial year's corresponding quarter, the Group carried out a revaluation on its properties on 28 February 2018. Revaluation surplus of RM8.888 million has been recognised in other comprehensive income and accumulated in equity under the revaluation reserve.

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 and current financial year-to-date.

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 2018.

Contingent Assets

The Group does not have any material contingent assets as at 28 February 2019.

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

B1. Review of Performance

Current Quarter ended 28 February 2019 against Preceding Financial Year's Corresponding Quarter ended 28 February 2018

The Group recorded a revenue of RM24.327 million for the current financial quarter as compared to RM26.314 million for the preceding year's corresponding quarter, representing a decrease of RM1.987 million (equivalent to 7.6%).

The decrease in revenue was mainly due to the slightly lower revenue recorded by the Print Publishing Division from RM23.790 million in preceding year's corresponding quarter to RM22.739 million in the current quarter, a decrease of RM1.051 million (equivalent to 4.4%). The decrease was attributed to the full enforcement of the workbook "ban" by the Ministry of Education Malaysia ("MoE") for standard one, two and three students. The MoE only allows the usage of one workbook each for Bahasa Malaysia, English, Chinese, Tamil, Mathematics and Science for students in standard four, five and six.

The revenue of the Digital & Network Marketing segment also decreased by RM1.051 million (after MFRS15 adjustments) from RM2.217 million in preceding year's corresponding quarter to RM1.166 million in the current quarter, equivalent to 47.4%. The lower revenue was mainly attributed to the poorer market sentiment.

The decrease in revenues in the Print Publishing Division and Digital & Network Marketing Division were partly offset by the slightly higher contribution from the Applied Learning Products & STEM Education Services Division and lower intercompany sales eliminations.

The Group recorded a profit before tax ("PBT") of RM4.919 million for the current financial quarter vis-a-vis RM8.223 million for the preceding year's corresponding quarter, a decrease of RM3.304 million, (equivalent to 40.2%). The decrease was mainly attributed to the following:

i) lower gross profit recorded during the current quarter as a result of lower revenue;
ii) the charging out of expenses incurred for textbook tenders which were unsuccessul;
iii) changes to the product mix; and
iv) lower amount in the reversal of provision for impairment of trade receivables during the current quarter where RM0.517 million was written back vis-a-vis RM1.186 million was written back in the preceding year's corresponding quarter, pursuant to the calculation under the MFRS 9 which was adopted retrospectively.

Current Financial Year-to-Date ended 28 February 2019 against Preceding Financial Year's Corresponding Year-to-Date ended 28 February 2018

The Group recorded a revenue of RM54.835 million for the current financial year-to-date as compared to RM53.828 million for the preceding financial year's corresponding year-to-date, representing an increase of RM1.007 million (equivalent to 1.9%). The increase was mainly attributed to the higher revenues from the Print Publishing Division and the Applied Learning Products and STEM Education Services Division, which were partly offset by the lower contribution from the Digital & Network Marketing Division.

The Group recorded a PBT of RM11.552 million for the current financial year-to-date vis-a vis RM11.809 million for the preceding financial year's corresponding year-to-date, representing a slight decrease of RM0.257 million (equivalent to 2.2%). The decrease was mainly attributed to the drop in gross profit in the current quarter, partly offset by lower expenses incurred as a result of the Group's continuous efforts in optimising the operational efficiency.

B2. Variation of Results for the Current Financial Quarter ended 28 February 2019 against the Immediate Preceding Financial Quarter

	Current Quarter 28.02.2019 RM'000	Preceding Quarter 30.11.2018 RM'000 (Restated)	Change RM'000
Revenue	24,327	30,508	(6,181)
Profit Before Tax	4,919	6,633	(1,714)

The Group recorded a revenue of RM24.327 million for the current financial quarter as compared to RM30.508 million for the immediate preceding financial quarter, representing a decrease of RM6.181 million (equivalent to 20.3%).

The decrease in revenue was mainly due to a higher revenue recorded by the Print Publishing Division of RM28.645 million in the immediate preceding financial quarter as compared to RM22.739 million in the current quarter, a decrease of RM5.906 million (equivalent to 20.6%). The higher revenue recorded in the immediate preceding quarter was mainly attributed to the fulfilment of the new textbook contracts which contributed RM8.847 million, as well as spillover revenue from orders which came late towards the end of the fourth quarter of FYE 31 August 2018. The decrease in the revenue for the current quarter was partly offset by higher sales of both our other academic and non-academic publications.

The Group recorded a PBT of RM4.919 million for the current financial quarter vis-a-vis RM6.633 million for the immediate preceding financial quarter, a decrease of RM1.714 million, (equivalent to 25.8%). The decrease of PBT was mainly due to a lower gross profit which was partly offset by the reversal of provision for impairment of trade receivables amounting to RM0.517 million for the current quarter.

B3. Group's Prospects for the financial year ending ("FYE") 31 August 2019

Despite the country's Consumer Sentiments Index (CSI) falling for three consecutive quarters to 83 Index Points in the first quarter of 2019, the Group managed to achieve a slight increase in revenue for the first six (6) months of FYE 31 August 2019.

For FYE 31 August 2019, the Group hopes to ride on the wave of the ongoing "*Kempen Dekad Membaca Kebangsaan*" which is spearheaded by the Ministry of Education (MoE). The MoE has declared 2020 to 2030 as the National Reading Decade. In addition to that, Kuala Lumpur has been named World Book Capital for the year 2020 by the United Nations Educational, Scientific and Cultural Organization (UNESCO). The book fraternity is working together with the Kuala Lumpur city authority to undertake a series of programmes to promote books and reading in general.

The Group is also heightening its effort in the rights licensing and book export segment by hiring an experienced International Rights Manager. Upon coming on board in May 2019, the International Rights Manager will immediately intensify the Group's marketing effort in the international market, beginning with the Southeast Asia region.

The Group will continue to pursue growth through the non-academic related segments, rights licensing and book export market as the Group sees much potential in these relatively untapped markets. The Group will also continue to pursue growth through our network marketing/direct sales business.

The Group will continue to monitor the changes in the market closely and react to it within the shortest time possible by leveraging on our readily available resources.

Premised on the above and barring any unforeseen circumstances, the Group is optimistic about our prospects and performance for FYE 31 August 2019.

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 28.02.2019 RM'000	Preceding Year Quarter 28.02.2018 RM'000 (Restated)	Current Year-To-Date 28.02.2019 RM'000	Preceding Year-To-Date 28.02.2018 RM'000 (Restated)
Amortisation of intangible assets	351	312	697	642
Depreciation on property, plant and equipment	579	590	1,183	1,216
Depreciation on investment properties	12	13	26	26
Gain on disposal of property, plant and equipment	-	-	-	(32)
Write-off of property, plant and equipment	3	1	3	1
(Reversal)/Impairment loss on trade receivables	(517)	(1,186)	441	443
Finance costs	675	780	1,588	1,579
Finance income	(3)	(3)	(6)	(16)
Realised foreign exchange loss/(gain)	21	17	13	(14)
Provision for sales returns	(130)	264	1,185	928

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

B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 28.02.2019 RM'000	Preceding Year Quarter 28.02.2018 RM'000 (Restated)	Current Year-To-Date 28.02.2019 RM'000	Preceding Year-To-Date 28.02.2018 RM'000 (Restated)
Current tax expense				
- Current period	1,246	1,800	3,842	3,802
- Prior period	(12)	-	(12)	29
	1,234	1,800	3,830	3,831
Deferred tax expense				
- Current period	56	337	(257)	(449)
- Prior period	-	-	(32)	(40)
	56	337	(289)	(489)
Total tax expense	1,290	2,137	3,541	3,342

The effective tax rate for the current financial quarter and current financial year-to-date 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 are 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 28 February 2019 were as follows:

	As at 28.02.2019 RM'000	As at 31.08.2018 RM'000
Non-current		
Finance lease liabilities	57	72
Term loans - secured	14,830	16,486
	14,887	16,558
Current		
Finance lease liabilities	31	30
Term loans - secured	3,823	3,959
Bank overdrafts - secured	18,967	19,570
Bankers' acceptances - secured	1,815	2,538
	24,636	26,097
	39,523	42,655

The above borrowings are denominated in Ringgit Malaysia.

B9. Material Litigation

There is no pending material litigation at the date of this report.

B10. Dividend

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

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 28.02.2019 RM'000	**Preceding Year Quarter 28.02.2018 RM'000 (Restated)**	**Current Year-To-Date 28.02.2019 RM'000**	**Preceding Year-To-Date 28.02.2018 RM'000 (Restated)**
Net profit attributable to owners of the Company	3,629	6,086	8,011	8,467
Weighted average number of ordinary shares in issue ('000)	419,099	419,099	419,099	419,099
Basic earnings per ordinary share (sen)	0.87	1.45	1.91	2.02

(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. Derivative Financial Instruments

The Group did not enter into any derivative financial instruments which were outstanding as at 28 February 2019.

By order of the Board
Kuala Lumpur
29 April 2019