



SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

SECOND QUARTER REPORT ENDED 29 FEBRUARY 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2020 ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 29.02.2020 RM'000	Preceding Year Quarter 28.02.2019 RM'000	Current Year-To-Date 29.02.2020 RM'000	Preceding Year-To-Date 28.02.2019 RM'000
Revenue	22,961	24,327	50,706	54,835
Cost of sales	(12,725)	(11,903)	(26,902)	(27,248)
Gross profit	10,236	12,424	23,804	27,587
Other operating income	114	110	225	172
Distribution expenses	(2,181)	(2,403)	(4,436)	(4,666)
Administrative expenses	(4,161)	(4,327)	(7,625)	(8,179)
Other operating expenses	(338)	(213)	(1,748)	(1,780)
Results from operating activities	3,670	5,591	10,220	13,134
Finance income	3	3	6	6
Finance costs	(628)	(675)	(1,304)	(1,588)
Profit before tax	3,045	4,919	8,922	11,552
Tax expense	(1,043)	(1,290)	(2,899)	(3,541)
Net profit for the financial period	2,002	3,629	6,023	8,011
Other comprehensive income for the financial period, net of tax :				
Item that is or may be reclassified subsequently to profit or loss				
Fair value of equity investments through other comprehensive income	(8)	28	(3)	23
Other comprehensive income/(loss) for the financial period, net of tax	(8)	28	(3)	23
Total comprehensive income for the financial period	1,994	3,657	6,020	8,034
Net profit for the financial period attributable to:				
- Owners of the Company	2,002	3,629	6,023	8,011
- Non-controlling interests	-	-	-	-
	2,002	3,629	6,023	8,011
Total comprehensive income attributable to :				
- Owners of the Company	1,994	3,657	6,020	8,034
- Non-controlling interests	-	-	-	-
	1,994	3,657	6,020	8,034
Earnings per share (sen) attributable to owners of the Company:				
- Basic	0.48	0.87	1.44	1.91
- Diluted	0.47	N/A	1.42	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 2019 and the accompanying explanatory notes attached to these interim financial statements.

N/A Not applicable



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY

	Unaudited As at 29.02.2020 RM'000	Audited As at 31.08.2019 RM'000
ASSETS		
Property, plant and equipment	51,420	52,238
Rights-of-use assets	1,897	-
Investment properties	2,453	2,480
Intangible assets	24,361	25,056
Other investments	262	265
Deferred tax assets	1,566	1,426
Total non-current assets	81,959	81,465
Inventories	76,248	73,446
Rights to recover returned goods	2,776	2,035
Contract costs	648	381
Trade and other receivables	52,339	49,482
Current tax assets	2,627	2,945
Prepayments	4,748	4,271
Cash and cash equivalents	9,888	7,443
Total current assets	149,274	140,003
Total assets	231,233	221,468
EQUITY		
Share capital	108,210	108,210
Treasury shares	(1)	(1)
Reserves	53,153	46,733
Total equity	161,362	154,942
LIABILITIES		
Loans and borrowings	11,249	13,033
Lease liabilities	992	-
Deferred tax liabilities	8,272	8,275
Total non-current liabilities	20,513	21,308
Loans and borrowings	25,717	22,327
Lease liabilities	929	-
Refund liabilities	5,347	3,851
Trade and other payables	14,664	17,484
Contract liabilities	2,278	1,239
Current tax liabilities	423	317
Total current liabilities	49,358	45,218
Total liabilities	69,871	66,526
Total equity and liabilities	231,233	221,468
Net assets per share attributable to owners of the Company (RM)	0.39	0.37

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 2019 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 SIX (6) MONTHS ENDED 29 FEBRUARY 2020 ⁽¹⁾

	←----- Non-distributable ----->						Distributable	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share Options reserve RM'000	Merger deficit RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	
At 1 September 2019	108,210	(1)	-	(50,500)	(6)	22,484	74,755	154,942
Total comprehensive income for the financial period	-	-	-	-	(3)	-	6,023	6,020
Transaction with owners of the Company								
Share options vested under ESOS	-	-	400	-	-	-	-	400
At 29 February 2020	108,210	(1)	400	(50,500)	(9)	22,484	80,778	161,362
At 31 August 2018, as previously reported	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
Transaction with owners of the Company	-	-	-	-	-	-	-	-
At 28 February 2019	108,210	(1)	-	(50,500)	(2)	22,484	79,044	159,235

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 2019 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 2020 ⁽¹⁾

	Current Year-To-Date 29.02.2020 RM'000	Preceding Year-To-Date 28.02.2019 RM'000
Cash flows from operating activities		
Profit before tax	8,922	11,552
Adjustments for:		
Amortisation of intangible assets	710	697
Depreciation of property, plant and equipment	1,061	1,183
Depreciation of investment properties	27	26
Depreciation of rights-of-use assets	477	-
Dividend income	(3)	(5)
Write-off of property, plant and equipment	-	3
Impairment loss on trade receivables	302	441
Gain on disposal of property, plant and equipment	(83)	-
Unrealised foreign exchange loss	1	-
Share options vested under ESOS	400	-
Finance costs	1,304	1,588
Finance income	(6)	(6)
Operating profit before changes in working capital	13,112	15,479
Changes in inventories	(2,802)	381
Changes in rights to recover returned goods	(741)	(1,233)
Changes in contract costs	(267)	-
Changes in trade and other receivables and prepayments	(3,637)	(1,865)
Changes in refund liabilities	1,496	2,418
Changes in trade and other payables	(2,820)	(4,600)
Changes in contract liabilities	1,039	-
Cash generated from operations	5,380	10,580
Tax paid	(2,666)	(3,156)
Tax refunded	48	-
Interest paid	(591)	(925)
Interest received	6	6
Net cash generated from operating activities	2,177	6,505
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	113	2
Dividend received from other investments	3	5
Acquisition of intangible assets	(15)	(388)
Acquisition of property, plant and equipment	(273)	(241)
Net cash used in investing activities	(172)	(622)
Cash flows from financing activities		
Net drawdown/(repayment) of bankers' acceptances	3,966	(723)
Net drawdown/(repayment) of finance lease liabilities	3	(14)
Repayment of term loans	(1,765)	(3,138)
Proceeds from term loan	-	1,346
Payment of lease liabilities	(510)	-
Interest paid	(656)	(663)
Net cash generated from/(used in) financing activities	1,038	(3,192)
Net increase in cash and cash equivalents	3,043	2,691
Cash and cash equivalents at beginning of the financial period	(9,626)	(14,012)
Cash and cash equivalents at end of the financial period	(6,583)	(11,321)



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX (6) MONTHS ENDED 29 FEBRUARY 2020 (1)

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

	Current Year-To-Date 29.02.2020 RM'000	Preceding Year-To-Date 28.02.2019 RM'000
Cash and bank balances	9,155	7,533
Deposit placed with a licensed bank	733	719
	<hr/> 9,888	<hr/> 8,252
Less : Deposits pledged	(621)	(606)
Bank overdrafts	(15,850)	(18,967)
	<hr/> (6,583)	<hr/> (11,321)

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 2019 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 2019 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 2019.

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 2019, 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 2020

- . Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- . Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- . Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures - Interest Rate Benchmark Reform*

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 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 impact to the financial statements of the Group except for MFRS 16.

MFRS 16, Leases

The Group has adopted from 1 September 2019, MFRS 16, which 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*.



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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 has applied the modified retrospective method permitted under MFRS 16. Accordingly, the comparative information for 2019 has not been restated, i.e. it is presented, as previously reported, under MFRS 117 and related interpretations.

As a lessee, the Group leases various assets, including properties, printing and photocopy machines. These had been previously classified as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under MFRS 16, the Group recognises separately the rights-of-use assets in 'Non-Current Assets' and lease liabilities for most leases in 'Liabilities: Non-Current and Current' in the Statement of Financial Position.

Under the practical expedients of applying MFRS 16, the Group has elected not to recognise rights-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and some leases of low-value assets (e.g. printing and photocopy machines). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group has also used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

In summary, the adoption impact to the opening balances are as follows:

Statement of Financial Position

	31.8.19	MFRS 16	1.9.2019
	RM'000	adjustments	RM'000
		RM'000	
Assets			
Rights-of-use assets	-	2,374	2,374
Liabilities			
Liabilities - non-current	-	1,458	1,458
Liabilities - current	-	916	916
Impact to liabilities	-	2,374	2,374

The rights-of-use assets represent the remaining rights to use the underlying asset during the lease term. The rights-of-use assets are recognised at the commencement date and are measured at cost less accumulated depreciation and impairment losses if any, and adjusted for any re-measurement of the lease liability.

The lease liabilities are measured at present value of the lease payments that are not paid at 1 September 2019 using its incremental borrowing rate. Subsequently, the lease liabilities are adjusted for interest and lease payments, as well as the impact of lease modifications if any.

As a result of initially applying MFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised RM1,897,000 of rights-of-use assets and RM1,921,000 of lease liabilities as at 29 February 2020.

Also, in relation to those leases under MFRS 16, the Group has recognised depreciation and finance costs, instead of operating lease expense. During the 6 months ended 29 February 2020, the Group recognised RM476,000 of depreciation charges and RM56,000 of finance costs from these leases.



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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 2019 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 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.

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.

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. On 6 December 2019, the Company offered 10,000,000 options at an exercise price of RM0.17 each to its eligible employees 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.



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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 29 February 2020

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	21,535	1,248	1,043	(865)	22,961
Cost of sales	(11,524)	(1,528)	(488)	815	(12,725)
Gross profit	10,011	(280)	555	(50)	10,236
Add/(Less):					
Other operating income					114
Distribution expenses					(2,181)
Administrative expenses					(4,161)
Other operating expenses					(338)
Results from operating activities					3,670

Current financial year-to-date ended 29 February 2020

	Print Publishing RM'000	Digital & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	47,969	2,154	1,896	(1,313)	50,706
Cost of sales	(24,779)	(2,447)	(789)	1,113	(26,902)
Gross profit	23,190	(293)	1,107	(200)	23,804
Add/(Less):					
Other operating income					225
Distribution expenses					(4,436)
Administrative expenses					(7,625)
Other operating expenses					(1,748)
Results from operating activities					10,220



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A8. Segment Information (cont'd)

Preceding financial year's corresponding 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	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

Preceding financial year's corresponding 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 ("ALP") and Science, Technology, Engineering and Mathematics ("STEM") Education



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 World Health Organisation (WHO) declared COVID-19 a global pandemic on 11 March 2020. Following this, the Government of Malaysia had issued a Federal Gazette on 18 March 2020 to impose the Movement Control Order (MCO), effective 18 March 2020. There has been a series of extensions to the MCO and to date, it has been extended to 12 May 2020 coupled with the Conditional MCO announced on 1 May 2020. The MCO has resulted in major disruptions to the Company's business operations all round. The Company has since implemented risk management strategies which include cost reduction measures and liquidity management to meet its financial commitments and obligations.

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

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

Capital commitments of the Group in respect of property, plant and equipment not provided for as of 29 February 2020 are as follows:

	RM'000
Approved and contracted for	1,890
Approved but not contracted for	-

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 2019.

Contingent Assets

The Group does not have any material contingent assets as at 29 February 2020.



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

B1. Review of Performance

Current Quarter ended 29 February 2020 against Preceding Financial Year's Corresponding Quarter ended 28 February 2019

The Group recorded a revenue of RM22.961 million for the current financial quarter as compared to RM24.327 million for the preceding financial year's corresponding quarter. This represents a decrease of RM1.366 million (equivalent to 5.62%), affected by our Print Publishing Division, which shown a decrease of RM1.204 million.

The decrease in the contribution from the Print Publishing Division was mainly due to the absence of textbook contracts with the Ministry of Education ("MoE") which had contributed RM0.701 million revenue in the preceding year's corresponding financial quarter.

The Group recorded a profit before tax ("PBT") of RM3.045 million for the current financial quarter vis-à-vis RM4.919 million for the preceding financial year's corresponding quarter. The decrease in the PBT by RM1.874 million (equivalent to 38.10%) was mainly due to decrease in revenue and higher payroll cost arisen from payment of performance bonus to staff and vesting of share options under ESOS which were offered to eligible employees of the Group during the current financial quarter.

Current Financial Year-to-Date ended 29 February 2020 against Preceding Financial Year's Corresponding Year-to-Date ended 28 February 2019

The Group recorded a revenue of RM50.706 million for the current financial year-to-date as compared to RM54.835 million for the preceding financial year-to-date, representing a decrease of RM4.129 million (equivalent to 7.53%), attributed mainly to the Print Publishing Division, which shown a decrease of RM3.415 million.

The decrease in revenue for the Print Publishing Division is due to lower contribution from textbook contracts with the Ministry of Education ("MoE"), which decreased from RM9.774 million in the preceding financial year's corresponding period to RM3.834 million in the current financial period, representing a decrease of RM5.940 million. Despite having won an equal number of six (6) new textbook contracts from the Ministry of Education ("MoE") for this financial year, the individual as well as cumulative value of these contracts were significantly lower as compared to the contracts obtained in the previous financial year. However, the decrease in the contribution from the textbook contracts was partially off-set by overall better performance from the academic book sales during the current financial period.

The Group recorded a profit before tax ("PBT") of RM8.922 million for the current financial year-to-date vis-a vis RM11.552 million for the preceding financial year-to-date, representing a decrease of RM2.630 million (equivalent to 22.77%). The decrease was mainly attributed to decrease in revenue and higher payroll cost as mentioned above.



B2. Variation of Results for the Current Financial Quarter ended 29 February 2020 against the Immediate Preceding Financial Quarter

	Current Quarter 29.02.2020 RM'000	Preceding Quarter 30.11.2019 RM'000	Change RM'000
Revenue	22,961	27,745	(4,784)
Profit Before Tax	3,045	5,877	(2,832)

The Group recorded a revenue of RM22.961 million for the current financial quarter as compared to RM27.745 million for the immediate preceding financial quarter, representing a decrease of RM4.784 million (equivalent to 17.24%). The decrease was affected by our Print Publishing Division, which shown a decrease of RM4.899 million.

The decrease in the contribution from the Print Publishing Division was mainly due to lower contribution from the academic book sale and absence of textbook contracts with the Ministry of Education ("MoE") which had contributed RM3.834 million revenue in the immediate preceding financial quarter. The decrease in revenue from the Print Publishing Division was partly offset by higher sales of both our Digital & Network Marketing Division and STEM Education Services Division.

The Group recorded a profit before tax ("PBT") of RM3.045 million for the current financial quarter vis-à-vis RM5.877 million for the immediate preceding financial quarter. The decrease in the PBT by RM2.832 million (equivalent to 48.19%) was mainly due to the decrease in revenue and higher payroll cost as mentioned above in Note B1.

B3. Group's Prospects for the financial year ending ("FYE") 31 August 2020

As mentioned in Note A10, the declaration of COVID-19 as a global pandemic by WHO followed by the Federal Gazette to impose the MCO over an extended period, has significantly disrupted the Company's business operation all round. Besides, the MOE has also announced that this year's public examinations for Year 6 and Form 3, Ujian Penilaian Sekolah Rendah (UPSR) and Form Three assessment (PT3) respectively, will be cancelled, while for Form 5 and Form 6, Sijil Pelajaran Malaysia (SPM) and Sijil Tinggi Persekolahan Malaysia (STPM) respectively, will be postponed. These changes will reduce the consumer's demand for our academic products.

Retail is expected to remain weak post MCO, owing to the anticipated economy contraction or recession that will lead to unemployment or reduced income for the consumers. Consumer's confidence will also be affected by the restricted mobility and supply chain disruptions.

On the bright side, the MCO has a catalytic effect on digital solutions and we are hopeful that the Group may be able to capitalise on the opportunities arising from this pandemic for FYE 31 August 2020. The Group will allocate more resources to promote our digital solutions. Considering that schools will likely remain closed until the resolution of the COVID-19 pandemic, it is most likely that stakeholders will adopt home-based learning by leveraging technology and digital learning platforms to keep up with the required progress. Our flagship product, i-Learn Ace which has the features to meet the dynamic needs of students and teachers today is best suited for this purpose. Besides being comprehensive, i-Learn Ace is fully aligned to the MOE's curriculum covering all major subjects from Year 1 to Form 5.

We also expect the demand for our English upskilling products i.e. the Cambridge Assessment English Linguaskill and New York City English program to pick up due to the fast changing and competitive nature of the current job market. Being fully digital and highly functional, both products are able to meet the diverse demands of the situation today.

We are aiming for both i-Learn Ace and the English upskilling products to feature prominently in the learners' transition to the digital education environment arising from the MCO.

Against the backdrop of the challenging business environment, the Group will continue to monitor the changes in the market closely and will focus on market-driven product offerings.

B4. Variance of Profit Forecast

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



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B5. Notes to the Statement of Comprehensive Income

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 29.02.2020 RM'000	Preceding Year Quarter 28.02.2019 RM'000	Current Year-To-Date 29.02.2020 RM'000	Preceding Year-To-Date 28.02.2019 RM'000
Amortisation of intangible assets	356	351	710	697
Depreciation on property, plant and equipment	504	579	1,061	1,183
Depreciation on investment properties	10	12	27	26
Depreciation on rights-of-use assets	239	-	477	-
Dividend income	-	(2)	(3)	(5)
Gain on disposal of property, plant and equipment	(14)	-	(83)	-
Write-off of property, plant and equipment	-	3	-	3
Impairment loss on trade receivables	(361)	(517)	302	441
Finance costs	628	675	1,304	1,588
Finance income	(3)	(3)	(6)	(6)
Realised foreign exchange loss	4	21	5	13
Unrealised foreign exchange loss	-	-	1	-

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 29.02.2020 RM'000	Preceding Year Quarter 28.02.2019 RM'000	Current Year-To-Date 29.02.2020 RM'000	Preceding Year-To-Date 28.02.2019 RM'000
Current tax expense				
- Current period	1,127	1,246	3,019	3,842
- Prior period	23	(12)	23	(12)
	1,150	1,234	3,042	3,830
Deferred tax expense				
- Current period	(107)	56	(143)	(257)
- Prior period	-	-	-	(32)
	(107)	56	(143)	(289)
Total tax expense	1,043	1,290	2,899	3,541

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 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 29 February 2020 were as follows:

	As at 29.02.2020 RM'000	As at 31.08.2019 RM'000
Non-current		
Finance lease liabilities	231	228
Term loans - secured	11,018	12,805
	<u>11,249</u>	<u>13,033</u>
Current		
Finance lease liabilities	110	110
Term loans - secured	3,867	3,845
Bank overdrafts - secured	15,850	16,448
Bankers' acceptances - secured	5,890	1,924
	<u>25,717</u>	<u>22,327</u>
	<u>36,966</u>	<u>35,360</u>

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 29.02.2020 RM'000	Preceding Year Quarter 28.02.2019 RM'000	Current Year-To-Date 29.02.2020 RM'000	Preceding Year-To-Date 28.02.2019 RM'000
Net profit attributable to owners of the Company	2,002	3,629	6,023	8,011
Weighted average number of ordinary shares in issue ('000)	419,099	419,099	419,099	419,099
Basic earnings per ordinary share (sen)	0.48	0.87	1.44	1.91



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(b) Diluted Earnings Per Share

Diluted earnings per share arising from the share options vested under ESOS of the Company is computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 29.02.2020 RM'000	Preceding Year Quarter 28.02.2019 RM'000	Current Year-To-Date 29.02.2020 RM'000	Preceding Year-To-Date 28.02.2019 RM'000
Net profit attributable to owners of the Company	2,002	3,629	6,023	8,011
Weighted average number of ordinary shares in issue ('000)	419,099	419,099	419,099	419,099
Effect of dilution due to ESOS	9,451	-	4,725	-
Adjusted weighted average number of ordinary shares ('000)	428,550	419,099	423,824	419,099
Diluted earnings per ordinary share (sen)	0.47	N/A	1.42	N/A

B12. Derivative Financial Instruments

The Group did not enter into any derivative financial instruments which were outstanding as at 29 February 2020.

By order of the Board
 Kuala Lumpur
 19 May 2020