



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2011**
(The figures have not been audited)

	CURRENT		YEAR TO DATE	
	3 months ended 31.12.2011 RM'000	31.12.2010 RM'000	3 months ended 31.12.2011 RM'000	31.12.2010 RM'000
Revenue	25,881	21,355	25,881	21,355
Cost of sales	(17,590)	(13,690)	(17,590)	(13,690)
Gross Profit	8,291	7,665	8,291	7,665
Other income	127	176	127	176
Administrative expenses	(2,209)	(1,889)	(2,209)	(1,889)
Selling and marketing expenses	(775)	(1,029)	(775)	(1,029)
Other expenses	(560)	(622)	(560)	(622)
Operating profit	4,874	4,301	4,874	4,301
Finance costs	(118)	(93)	(118)	(93)
Share of profit/(loss) of associates	(45)	14	(45)	14
Profit before tax	4,711	4,222	4,711	4,222
Income tax expenses	(1,449)	(1,303)	(1,449)	(1,303)
Profit for the year	3,262	2,919	3,262	2,919
Other comprehensive income :				
Foreign currency translation	67	(15)	67	(15)
Total comprehensive income for the year	3,329	2,904	3,329	2,904
Profit attributable to:				
Owners of the Company	3,359	2,982	3,359	2,982
Non-controlling interests	(97)	(63)	(97)	(63)
	3,262	2,919	3,262	2,919
Total comprehensive income attributable to:				
Owners of the Company	3,422	2,967	3,422	2,967
Non-controlling interests	(93)	(63)	(93)	(63)
	3,329	2,904	3,329	2,904
Earning per share attributable to owners of the Company :				
Basic (Sen)	3.40	2.98	3.40	2.98
Diluted (Sen)	3.40	2.98	3.40	2.98

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 September 2011 and the accompanying notes attached to the Interim Financial Statements.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011
(The figures have not been audited)

	As at 31.12.2011 RM'000	As at 30.9.2011 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	33,282	33,671
Investment properties	1,953	1,953
Investment in associates	42	86
Other Investments	27	27
Deferred tax assets	2,459	2,476
	<u>37,763</u>	<u>38,213</u>
Current assets		
Inventories	26,164	28,337
Trade receivables	27,827	14,098
Other receivables	2,698	2,708
Prepayment	651	687
Tax recoverable	1,158	1,671
Cash and bank balances	15,684	18,334
	<u>74,182</u>	<u>65,835</u>
TOTAL ASSETS	<u>111,945</u>	<u>104,048</u>
EQUITY AND LIABILITIES		
Current liabilities		
Short term borrowings	1,601	1,598
Trade Payables	8,621	4,100
Other Payables	8,563	8,693
Tax Payable	616	176
Dividend payable	-	-
	<u>19,401</u>	<u>14,567</u>
Non current liabilities		
Long term borrowings	6,096	6,445
Deferred tax liabilities	1,688	1,605
	<u>7,784</u>	<u>8,050</u>
Total liabilities	<u>27,185</u>	<u>22,617</u>
Equity attributable to equity holders of the parent		
Share capital	50,000	50,000
Treasury shares	(1,408)	(1,408)
Fair value reserve	1	1
Foreign exchange reserve	(69)	(132)
Retained earnings	36,408	33,049
Shareholders' fund	<u>84,932</u>	<u>81,510</u>
Non-controlling interests	(172)	(79)
Total equity	<u>84,760</u>	<u>81,431</u>
TOTAL EQUITY AND LIABILITIES	<u>111,945</u>	<u>104,048</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.8763</u>	<u>0.8419</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 September 2011 and the accompanying explanatory notes to the Interim Financial Statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2011**
(The figures have not been audited)

	Share Capital	Share Premium	Treasury Shares	Foreign Exchange Reserve	Fair Value Adjustment Reserve	Retained Earnings	Total	Non - Controlling Interests	Total Equity
	RM ' 000	RM ' 000	RM ' 000	RM ' 000	RM ' 000	RM ' 000	RM ' 000	RM ' 000	RM ' 000
At 1 October 2011	50,000	-	(1,408)	(132)	1	33,049	81,510	(79)	81,431
Total comprehensive income	-	-	-	63	-	3,359	3,422	(93)	3,329
At 31 December 2011	50,000	-	(1,408)	(69)	1	36,408	84,932	(172)	84,760
At 1 October 2010	50,000	-	(592)	(101)	-	30,674	79,981	383	80,364
Total comprehensive income	-	-	-	(15)	-	2,982	2,967	(63)	2,904
At 31 December 2010	50,000	-	(592)	(116)	-	33,656	82,948	320	83,268

The unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 30 September 2011 and the Notes to the Interim Financial Statements.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2011
(The figures have not been audited)

	3 months ended	
	31.12.2011	31.12.2010
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	4,711	4,222
Adjustments for non-cash items	758	405
Operating profit before working capital changes	5,469	4,627
Net change in current assets	(11,516)	(8,824)
Net change in current liabilities	4,392	3,563
Cash used in operations	(1,655)	(634)
Tax paid	(401)	(243)
Interest paid	(118)	(93)
Net cash used in operating activities	(2,174)	(970)
Cash flows from investing activities		
Interest received	72	110
Purchase of plant and equipment	(231)	(447)
Proceeds from disposal of plant and equipment	9	289
Net cash used in investing activities	(150)	(48)
Cash flows from financing activities		
Repayment of obligation under finance leases	(140)	(207)
Repayment of term loans	(249)	(248)
Net cash used in financing activities	(389)	(455)
Net decrease in cash and cash equivalents	(2,713)	(1,473)
Effect of exchange rate changes	71	(16)
Cash and cash equivalents at beginning of period	18,326	22,912
Cash and cash equivalents at end of period	15,684	21,423

Cash and cash equivalents at the end of the period comprise the followings:

	3 months ended	
	31.12.2011	31.12.2010
	RM'000	RM'000
Cash on hand and at banks	9,160	11,017
Fixed deposits	6,524	10,406
	15,684	21,423

The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 30 September 2011 and the Notes to the Interim Financial Statements.



A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

1. Basis of preparation

The interim financial statements have been prepared under historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 September 2011.

These explanatory notes attached to the 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 Pelangi Publishing Group Bhd. (“PPGB” or “Company”) and its subsidiary companies (hereinafter referred to as the “Group”) since the financial year ended 30 September 2011.

2. Changes on accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2011, except for the adoption of the following new Financial Reporting Standards (“FRSs”), Amendments to FRSs, and Issues Committee (“IC”) interpretations that are effective for the financial period beginning on or after 1 January 2011 and 1 July 2011:

Effective for financial periods beginning on or after 1 January 2011:

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments Improvements to FRSs (2010)
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers

Effective for financial periods beginning on or after 1 July 2011:

Amendments IC Interpretation 14	Prepayments of a Minimum Funding Requirement
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the abovementioned FRSs, Amendments to FRSs and Interpretations will have no material impact on the interim financial statements of the Group.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 September 2013.

The Directors are of the opinion that the financial performance and financial position on the interim financial statements of the Group for the period ended 31 December 2011 would not be significantly different if prepared under the MFRS Framework.

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2011 was not subject to qualification.

4. Comments about seasonal or cyclical factors

The Group is basically involved in the production and distribution of books. In relation to our academic books, school terms will have impact on revenue and margin.

The bulk of turnover of the Group will come from 4th quarter of the calendar year (1st quarter of our financial year) before school term reopens. The turnover cycle will drop in the 1st and 2nd quarter of the following calendar year (2nd and 3rd quarter of our financial year). These are periods of heavy returns.

The 3rd quarter of the calendar year (4th quarter of our financial year) is the period of heavy production and promotion. However, the turnover starts picking up towards the end of the 3rd quarter and the momentum is well carried forward to the 4th quarter of the calendar year (1st quarter of our financial year) before school term reopens.

5. Unusual items due to their nature, size and incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group for the current quarter under review.

6. Changes in estimates

There were no changes to the estimates that have a material effect in the current quarter under review.

7. Debts and equity securities

Treasury Shares

The Company has not repurchased any ordinary shares from the open market during the current quarter ended 31 December 2011.

As at 31 December 2011, a total of 3,271,100 ordinary shares of RM0.50 each are held as treasury shares by the Company. These treasury shares are held at a total carrying amount of RM1,407,602.

The buy back transactions were financed by internally generated funds. The shares purchased are held as treasury shares in accordance with Section 67A of the Companies Act 1965. None of the treasury shares held are resold or cancelled during the period ended 31 December 2011.

Other than as mentioned above, there are no issuance, cancellation, repurchase, resale or repayment of debts and equity securities for the current quarter.

8. Dividends

No dividend has been paid, proposed or declared during the quarter under review.

9. Segmental information

	Quarter ended		Financial year ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Segment Revenue				
<u>Revenue</u>				
Publishing	21,655	18,250	21,655	18,250
Printing	5,317	3,918	5,317	3,918
Education	262	231	262	231
Others	314	274	314	274
Total revenue including inter segment sales	27,548	22,673	27,548	22,673
Elimination of inter-segment sales	(1,667)	(1,318)	(1,667)	(1,318)
Total revenue	25,881	21,355	25,881	21,355
<u>Segment Results</u>				
Publishing	4,652	3,989	4,652	3,989
Printing	455	391	455	391
Education	(197)	(166)	(197)	(166)
Others	(36)	87	(36)	87
Total operating profit	4,874	4,301	4,874	4,301

10. Valuation of property, plant and equipment

There were no revaluation of property, plant and equipment during the quarter under review.

11. Subsequent events

There is no material subsequent event from the end of the period to 22 February 2012.

12. Change in the composition of the Group

There were no major changes in the composition of the Group during the current quarter under review.

13. Changes in contingent liabilities or contingent assets

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet as at 30 September 2011.

14. Capital commitments

There were no capital commitments for the purchase of property, plant and equipment for the quarter ended 31 December 2011.

15. Significant related party transactions

The following are significant related party transactions:

	Quarter ended		Financial year ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Purchase of production papers	3,908	2,512	3,908	2,512
Rental expense	15	15	15	15

B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

16. Performance review (YTD Q1 2012 vs YTD Q1 2011)

The Group reported a consolidated turnover of RM25.9 million for the current period ended 31 December 2011 as compared to RM21.4 million for the comparative period ended 31 December 2010. The consolidated turnover showed an increase of RM4.5 million or an improvement of 21.0% for the period under review.

The Group reported a profit after tax of RM3.3 million for the current period ended 31 December 2011 as compared to RM2.9 million for the comparative period ended 31 December 2010. The consolidated profit after tax for the period under review showed an increase of RM400,000.

The increase in profit after tax of the Group in the current period is mainly due to the increase in the profit generated by the Publishing Segment.

Publishing Segment

During the current period, the Publishing Segment generated a turnover of RM21.7 million as compared to RM18.3 million for the comparative period ended 31 December 2010. With a higher turnover, the Publishing Segment recorded a bottom line results of RM4.7 million in the current period as compared to RM4.0 million in the same comparative period, showing an improvement of RM700,000 in its bottom line results.

The improvement in the performance of Publishing Segment in this period is translated as a result of an eminent marketing effort persistently overviewed by the management and the strategy is notably enough in promoting the books to the public.

Printing Segment

With a higher amount of printing orders placed by both internal parties and external customers, the Printing Segment managed to gauge a higher revenue by dedicating to enforce the printing works during this current period. The Printing Segment generated a total revenue of RM5.3 million with a bottom line results of RM455,000 in the current period as compared to a total revenue of RM3.9 million that carried a bottom line results of RM391,000 for the comparative period ended 31 December 2010.

Education Segment

The Education Segment remains a segment that yields no profit since its inception although it is positioned as a minor segment within the Group. The Education Segment recorded a loss of RM197,000 based on its total revenue of RM262,000 generated during the current period. However to the Group, the conduct of the Education Segment, to a certain extent plays a role to compliment the Publishing Segment in promoting a greater brand name and publishing of books to the awareness of the public.

17. Comparison with preceding quarter results (Q1 2012 vs Q4 2011)

The Group reported a profit before tax of RM4.7 million for the current quarter ended 31 December 2011 as compared to the loss before tax of RM3.1 million generated in the preceding quarter ended 30 September 2011. The profit generated during this current quarter is in line with the high turnover cycle as explained in Note 4.

18. Commentary of prospects

The Group will continue to look for opportunities to maintain its competitive advantage against other market players by penetrating new market and pursuing the development and registration of new products for both local and overseas market. The Group will remain focused in managing its operating costs effectively.

The Board expects the Group's performance to be satisfactory for the financial year ending 2012.

19. Profit forecast & profit guarantee

The Group has not issued any profit forecast or profit guarantee during the current quarter under review.

20. Taxation

	Quarter ended		Financial year ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Income tax:				
Malaysian	(1,354)	(1,506)	(1,354)	(1,506)
Overseas	-	-	-	-
Deferred tax:				
Malaysian	(95)	203	(95)	203
Overseas	-	-	-	-
Total	<u>(1,449)</u>	<u>(1,303)</u>	<u>(1,449)</u>	<u>(1,303)</u>

The effective tax rate of the Group for the financial period is higher than the statutory tax rate principally due to certain non-qualified expenses incurred during the period which are not deductible for tax purposes.

21. Corporate proposals

There were no corporate proposals announced or not completed as at the date of this report.

22. Borrowings and debt securities

Group borrowings	As at 31.12.2011		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short term	1,601	-	1,601
Long term	6,096	-	6,096
	<u>7,697</u>	<u>-</u>	<u>7,697</u>

All borrowings are denominated in Ringgit Malaysia.

23. Changes in material litigation

As at the date of this report, there are no material litigations that have material effect to the Group as at 22 February 2012.

24. Earnings per share

a) Basic

The basic earnings per share for the quarter and cumulative period to date are computed as follows:

	Quarter ended		Financial year ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Net profit for the year (RM'000)	3,359	2,982	3,359	2,982
Weighted average number of ordinary shares in issue ('000)	98,744	99,902	98,744	99,902
Earnings Per Share (sen)	3.40	2.98	3.40	2.98

b) Diluted

The diluted earnings per share is the same as the basic earnings per share, as there are no potential dilutive ordinary shares outstanding at reporting date.

25. Notes to the condensed consolidated statement of comprehensive income

The following amount have been (credited)/charged in arriving at profit before tax:

	Current Quarter 31.12.2011 RM'000	Cumulative Quarter 31.12.2011 RM'000
a) Interest income	(72)	(72)
b) Other income	(55)	(55)
c) Interest expense	118	118
d) Depreciation and amortisation	631	631
e) Provision for and write off of receivables	45	45
f) Provision for and write off of inventories	-	-
g) (Gain)/Loss on disposal of quoted or unquoted investments	-	-
h) (Gain)/Loss on disposal of properties	(9)	(9)
i) Impairment of assets	-	-
j) (Gain)/Loss on foreign exchange	222	222
k) (Gain)/Loss on derivatives	-	-
l) Exceptional items	-	-

26. Realised and unrealised profit / losses

The retained earnings as at reporting date are analysed as follows :

	As at 31.12.2011 RM'000	As at 31.12.2010 RM'000
Holding Company & its Subsidiaries		
Realised	59,968	58,601
Unrealised	771	279
	<u>60,739</u>	<u>58,880</u>
Associated Companies		
Realised	(328)	(188)
Unrealised	-	-
	<u>60,411</u>	<u>58,692</u>
Consolidation adjustments	<u>(24,003)</u>	<u>(25,036)</u>
	<u>36,408</u>	<u>33,656</u>

27. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 February 2012.