PELANGI PUBLISHING GROUP BHD.
(Company No. 593649-H)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2012
(The figures have not been audited)

	CURRENT		YEAR TO DATE	
	3 months ended		6 months ended	
	31.3.2012 RM'000	31.3.2011 RM'000	31.3.2012 RM'000	31.3.2011 RM'000
Revenue	18,110	13,150	43,991	34,506
Cost of sales	(9,233)	(6,907)	(26,823)	(20,597)
Gross Profit	8,877	6,243	17,168	13,909
Other income	166	1,295	293	1,471
Administrative expenses	(2,079)	(1,879)	(4,289)	(3,769)
Selling and marketing expenses	(2,869)	(1,836)	(3,644)	(2,866)
Other expenses	(586)	(564)	(1,146)	(1,186)
Operating profit	3,509	3,259	8,382	7,559
Finance costs	(111)	(78)	(229)	(172)
Share of profit/(loss) of associates	2	(36)	(42)	(22)
Profit before tax	3,400	3,145	8,111	7,365
Income tax expenses	(967)	(462)	(2,417)	(1,765)
Profit for the period	**2,433**	**2,683**	**5,694**	**5,600**
Other comprehensive income :				
Foreign currency translation	43	45	111	28
Total comprehensive income for the period	2,476	2,728	5,805	5,628
Profit attributable to:				
Owners of the Company	**2,457**	**2,640**	**5,815**	**5,620**
Non-controlling interests	(24)	43	(121)	(20)
	2,433	2,683	5,694	5,600
Total comprehensive income attributable to:				
Owners of the Company	2,498	2,679	5,920	5,642
Non-controlling interests	(22)	49	(115)	(14)
	2,476	2,728	5,805	5,628
Earning per share attributable to owners of the Company :				
Basic (Sen)	2.51	2.68	5.89	5.65
Diluted (Sen)	2.51	2.68	5.89	5.65

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.

PELANGI PUBLISHING GROUP BHD.
(Company No. 593649-H)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012
(The figures have not been audited)

	As at 31.3.2012 RM'000	As at 30.9.2011 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	32,827	33,671
Investment properties	1,953	1,953
Investment in associates	41	86
Other Investments	27	27
Deferred tax assets	2,312	2,476
	37,160	38,213
Current assets		
Inventories	23,917	28,337
Trade receivables	19,417	14,098
Other receivables	977	2,708
Prepayment	643	687
Tax recoverable	2,449	1,671
Cash and bank balances	26,427	18,334
	73,830	65,835
TOTAL ASSETS	**110,990**	**104,048**
EQUITY AND LIABILITIES		
Current liabilities		
Short term borrowings	1,588	1,598
Trade Payables	4,266	4,100
Other Payables	8,315	8,693
Tax Payable	2,282	176
Dividend payable	1,451	-
	17,902	14,567
Non current liabilities		
Long term borrowings	5,698	6,445
Deferred tax liabilities	1,605	1,605
	7,303	8,050
Total liabilities	25,205	22,617
Equity attributable to owners of the parent		
Share capital	50,000	50,000
Treasury shares	(1,408)	(1,408)
Fair value reserve	1	1
Foreign exchange reserve	(27)	(132)
Retained earnings	37,413	33,049
	85,979	81,510
Non-controlling interests	(194)	(79)
Total equity	85,785	81,431
TOTAL EQUITY AND LIABILITIES	**110,990**	**104,048**
Net assets per share attributable to owners of the parent (RM)	0.8869	0.8419

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.

PELANGI PUBLISHING GROUP BHD.
(Company No. 593649-H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2012
(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	-	-	-	105	-	5,815	5,920	(115)	5,805
Dividend	-	-	-	-	-	(1,451)	(1,451)	-	(1,451)
At 31 March 2012	50,000	-	(1,408)	(27)	1	37,413	85,979	(194)	85,785
At 1 October 2010	50,000	-	(592)	(101)	-	30,675	79,982	383	80,365
Total comprehensive income	-	-	-	22	-	5,620	5,642	(14)	5,628
Share buy back	-	-	(816)	-	-	-	(816)	-	(816)
Acquisition of NCI	-	-	-	-	-	-	-	(280)	(280)
Dividend	-	-	-	-	-	(1,451)	(1,451)	-	(1,451)
At 31 March 2011	50,000	-	(1,408)	(79)	-	34,844	83,357	89	83,446

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.

PELANGI PUBLISHING GROUP BHD.
(Company No. 593649-H)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2012
(The figures have not been audited)

	6 months ended	
	31.3.2012 RM'000	**31.3.2011 RM'000**
Cash flows from operating activities		
Profit before tax	8,111	7,365
Adjustments for non-cash items	1,272	104
Operating profit before working capital changes	9,383	7,469
Net change in current assets	863	(5,139)
Net change in current liabilities	(212)	2,620
Cash generated from operations	10,034	4,950
Tax paid	(933)	(602)
Interest paid	(229)	(171)
Net cash generated from operating activities	8,872	4,177
Cash flows from investing activities		
Interest received	150	164
Purchase of plant and equipment	(302)	(4,798)
Proceeds from disposal of plant and equipment	59	470
Acquisition of non-controlling interests	-	(250)
Gain on acquisition of NCI	-	(31)
Net cash used in investing activities	(93)	(4,445)
Cash flows from financing activities		
Repayment of obligation under finance leases	(281)	(348)
Repayment of term loans	(518)	(495)
Purchase of treasury shares	-	(815)
Net cash used in financing activities	(799)	(1,658)
Net increase/(decrease) in cash and cash equivalents	7,980	(1,926)
Effect of exchange rate changes	121	46
Cash and cash equivalents at beginning of period	18,326	22,912
Cash and cash equivalents at end of period	26,427	21,032

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

	6 months ended	
	31.3.2012 RM'000	**31.3.2011 RM'000**
Cash on hand and at banks	10,197	10,913
Fixed deposits	16,230	10,119
	26,427	21,032

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 March 2012 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 March 2012.

As at 31 March 2012, 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 March 2012.

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 period ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue				
Publishing	16,241	11,820	37,896	30,070
Printing	3,590	3,336	8,907	7,254
Education	165	649	427	880
Others	287	5,608	601	5,882
Total revenue including inter segment sales	20,283	21,413	47,831	44,086
Elimination of inter-segment sales	(2,173)	(8,263)	(3,840)	(9,580)
Total revenue	18,110	13,150	43,991	34,506
Segment Results				
Publishing	3,400	2,321	8,052	6,310
Printing	123	779	578	1,170
Education	(117)	75	(314)	(91)
Others	102	83	66	170
Total operating profit	3,508	3,258	8,382	7,559

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 May 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 March 2012.

15. Significant related party transactions

The following are significant related party transactions:

	Quarter ended		Financial period ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
Purchase of production papers	1,591	4,372	5,499	6,884
Rental expense	14	14	29	29

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

16. Performance review (YTD Q2 2012 vs YTD Q2 2011)

The Group reported a consolidated turnover of RM44.0 million for the current period ended 31 March 2012 as compared to RM34.5 million for the comparative period ended 31 March 2011. The consolidated turnover showed an increase of RM9.5 million or an improvement of 27.5% for the period under review.

The Group reported a profit after tax of RM5.7 million for the current period ended 31 March 2012 as compared to RM5.6 million for the comparative period ended 31 March 2011. The consolidated profit after tax for the period under review showed an increase of RM100,000.

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 and partly contributed by the Printing Segment.

<u>Publishing Segment</u>

During the current period, the Publishing Segment generated a turnover of RM37.9 million as compared to RM30.1 million for the comparative period ended 31 March 2011. With a higher turnover, the Publishing Segment recorded a bottom line results of RM8.1 million in the current period as compared to RM6.3 million in the comparative period, showing an improvement of RM1.8 million in its bottom line results.

The improvement in the performance of Publishing Segment is translated as a result of higher volume of delivery of text books in this reporting period.

<u>Printing Segment</u>

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 enforcing a greater amount of printing work during this current period. The Printing Segment generated a total revenue of RM8.9 million in the current period as compared to a total revenue of RM7.3 million for the comparative period ended 31 March 2011.

The bottom line results of RM1.17 million as recorded by the printing segment in the comparative period ended 31 March 2011 is made up of RM170,000 generated from the printing operations and the remaining portion of RM1 million is derived from the disposal of property units.

Excluding the profit derived from non printing operations, the Printing Segment shows an improvement of RM408,000 in its bottom line results. The Printing Segment generated a bottom line results of RM578,000 for the current period ended 31 March 2012 comparing to RM170,000 generated during the comparative period.

<u>Education Segment</u>

The Education Segment remains as a minor segment within the Group, a component that still yields no profit since its inception. The Education Segment recorded a loss of RM314,000 based on its total revenue of RM427,000 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 (Q2 2012 vs Q1 2012)

The Group reported a profit before tax of RM3.4 million for the current quarter ended 31 March 2012 as compared to the profit before tax of RM4.7 million generated in the preceding quarter ended 31 December 2011. The lower profit generated during this current quarter is in line with the business trend and annual cyclical order 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 30 September 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 period ended	
	31.3.2012 RM'000	31.3.2011 RM'000	31.3.2012 RM'000	31.3.2011 RM'000
Income tax:				
Malaysian	(907)	(463)	(2,261)	(1,969)
Overseas	-	-	-	-
Deferred tax:				
Malaysian	(60)	1	(156)	204
Overseas	-	-	-	-
Total	(967)	(462)	(2,417)	(1,765)

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 31.3.2012 Secured RM'000	Unsecured RM'000	Total RM'000
Short term	1,588	-	1,588
Long term	5,698	-	5,698
	7,286	-	7,286

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 May 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 period ended	
	31.3.2012	**31.3.2011**	**31.3.2012**	**31.3.2011**
Net profit for the year (RM'000)	2,457	2,640	5,815	5,620
Weighted average number of ordinary shares in issue ('000)	97,807	98,582	98,744	99,393
Earnings Per Share (sen)	2.51	2.68	5.89	5.65

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 31.3.2012 RM'000	**Cumulative Quarter 31.3.2012 RM'000**
a) Interest income	(78)	(150)
b) Other income	(88)	(143)
c) Interest expense	111	229
d) Depreciation and amortisation	630	1,261
e) Provision for and write off of receivables	22	67
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	(50)	(59)
i) Impairment of assets	-	-
j) (Gain)/Loss on foreign exchange	(104)	118
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 31.3.2012 RM'000	As at 31.3.2011 RM'000
Holding Company & its Subsidiaries		
Realised	62,458	59,826
Unrealised	707	280
	63,165	60,106
Associated Companies		
Realised	(329)	(242)
Unrealised	-	-
	62,836	59,864
Consolidation adjustments	(25,423)	(25,020)
	37,413	34,844

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 28 May 2012.