



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2012**
(The figures have not been audited)

	CURRENT 3 months ended		YEAR TO DATE 12 months ended	
	30.9.2012 RM'000	30.9.2011 RM'000 (Audited)	30.9.2012 RM'000	30.9.2011 RM'000 (Audited)
Revenue	7,461	6,114	69,342	53,058
Cost of sales	(7,358)	(5,613)	(44,765)	(34,633)
Gross Profit	103	501	24,577	18,425
Other income	1,249	653	1,707	2,441
Administrative expenses	(2,308)	(1,668)	(8,657)	(7,456)
Selling and marketing expenses	(1,630)	(1,335)	(7,601)	(5,463)
Other expenses	(650)	(733)	(2,341)	(2,432)
Operating profit	(3,236)	(2,582)	7,685	5,515
Finance costs	(79)	(76)	(345)	(347)
Share of profit/(loss) of associates	54	(19)	(7)	(76)
Profit before tax	(3,261)	(2,677)	7,333	5,092
Income tax expenses	1,261	578	(2,348)	(1,488)
Profit for the period	(2,000)	(2,099)	4,985	3,604
Other comprehensive income :				
Gain on fair value changes of other investment	-	-	-	-
Foreign currency translation	61	(35)	158	(28)
Total comprehensive income for the period	(1,939)	(2,134)	5,143	3,576
Profit attributable to:				
Owners of the Company	(1,801)	(1,854)	5,115	3,795
Non-controlling interests	(199)	(245)	(130)	(191)
	(2,000)	(2,099)	4,985	3,604
Total comprehensive income attributable to:				
Owners of the Company	(1,743)	(1,886)	5,264	3,765
Non-controlling interests	(196)	(248)	(121)	(189)
	(1,939)	(2,134)	5,143	3,576
Earning per share attributable to owners of the Company :				
Basic (Sen)	(1.84)	(1.90)	5.18	3.84
Diluted (Sen)	(1.84)	(1.90)	5.18	3.84

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 30 SEPTEMBER 2012

(The figures have not been audited)

	As at 30.9.2012 RM'000	As at 30.9.2011 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	32,011	33,671
Investment properties	1,953	1,953
Investment in associates	77	86
Other Investments	27	27
Deferred tax assets	3,572	2,476
	<u>37,640</u>	<u>38,213</u>
Current assets		
Inventories	27,103	28,337
Trade receivables	12,966	14,098
Other receivables	2,263	2,708
Prepayment	870	687
Tax recoverable	510	1,671
Cash and bank balances	28,093	18,334
	<u>71,805</u>	<u>65,835</u>
TOTAL ASSETS	<u>109,445</u>	<u>104,048</u>
EQUITY AND LIABILITIES		
Current liabilities		
Short term borrowings	1,513	1,598
Trade Payables	2,953	4,100
Other Payables	12,165	8,693
Tax Payable	965	176
Dividend payable	-	-
	<u>17,596</u>	<u>14,567</u>
Non current liabilities		
Long term borrowings	4,981	6,445
Deferred tax liabilities	1,745	1,605
	<u>6,726</u>	<u>8,050</u>
Total liabilities	<u>24,322</u>	<u>22,617</u>
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	17	(132)
Retained earnings	36,713	33,049
	<u>85,323</u>	<u>81,510</u>
Non-controlling interests	(200)	(79)
Total equity	<u>85,123</u>	<u>81,431</u>
TOTAL EQUITY AND LIABILITIES	<u>109,445</u>	<u>104,048</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.8800</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 30 SEPTEMBER 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	-	-	-	149	-	5,115	5,264	(121)	5,143
Dividend	-	-	-	-	-	(1,451)	(1,451)	-	(1,451)
At 30 September 2012	50,000	-	(1,408)	17	1	36,713	85,323	(200)	85,123
At 1 October 2010	50,000	-	(592)	(101)	-	30,675	79,982	383	80,365
Effects of adopting FRS 139	-	-	-	-	1	-	1	-	1
Total comprehensive income	-	-	-	(31)	-	3,795	3,764	(189)	3,575
Share buy back	-	-	(816)	-	-	-	(816)	-	(816)
Gain on acquisition of NCI	-	-	-	-	-	31	31	-	31
Loss on disposal of equity stake in subsidiary	-	-	-	-	-	(1)	(1)	-	(1)
Acquisition of NCI	-	-	-	-	-	-	-	(281)	(281)
Disposal of equity stake in subsidiary	-	-	-	-	-	-	-	8	8
Dividend	-	-	-	-	-	(1,451)	(1,451)	-	(1,451)
At 30 September 2011	50,000	-	(1,408)	(132)	1	33,049	81,510	(79)	81,431

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 30 SEPTEMBER 2012**
(The figures have not been audited)

	12 months ended	
	30.9.2012 RM'000	30.9.2011 RM'000 (Audited)
Cash flows from operating activities		
Profit before tax	7,333	5,092
Adjustments for non-cash items	3,212	1,697
Operating profit before working capital changes	10,545	6,789
Net change in current assets	586	(9,034)
Net change in current liabilities	2,324	3,356
Cash generated from operations	13,455	1,111
Tax paid (net of refund)	(1,365)	(1,491)
Interest paid	(345)	(347)
Net cash generated from/(used in) operating activities	11,745	(727)
Cash flows from investing activities		
Interest received	377	304
Dividend received	-	-
Purchase of plant and equipment	(780)	(5,345)
Proceeds from disposal of plant and equipment	1,375	2,266
Proceeds from disposal of equity stake in subsidiary	-	7
Acquisition of non-controlling interests	-	(250)
Net cash generated from/(used in) investing activities	972	(3,018)
Cash flows from financing activities		
Dividend paid	(1,451)	(1,451)
Drawdown of term loans	-	3,181
Proceeds from finance leases financing	-	455
Repayment of obligation under finance leases	(620)	(1,103)
Repayment of term loans	(1,051)	(1,061)
Purchase of treasury shares	-	(815)
Net cash used in financing activities	(3,122)	(794)
Net increase/(decrease) in cash and cash equivalents	9,595	(4,539)
Effect of exchange rate changes	172	(47)
Cash and cash equivalents at beginning of period	18,326	22,912
Cash and cash equivalents at end of period	28,093	18,326

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

	12 months ended	
	30.9.2012 RM'000	30.9.2011 RM'000
Cash on hand and at banks	11,088	10,922
Fixed deposits	17,005	7,412
Bank overdraft	-	(8)
	28,093	18,326

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 year ended 30 September 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 again.

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 30 September 2012.

As at 30 September 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 year ended 30 September 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

A final dividend of 4.00% less 25% tax per ordinary share of RM0.50 each amounting to RM1,450,933 in respect of the financial year ended 30 September 2011 was paid on 30 April 2012.

The Board of Directors has proposed a single tier final dividend of 4% (2 sen) per ordinary share of RM0.50 each amounting to RM1,934,578 in respect of the year ended 30 September 2012. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

9. Segmental information

	Quarter ended		Financial year ended	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
Segment Revenue				
<u>Revenue</u>				
Publishing	5,062	3,547	59,112	43,795
Printing	3,276	3,654	15,724	14,150
Education	86	218	678	1,419
Others	6,363	290	7,270	6,446
Total revenue including inter segment sales	14,787	7,709	82,784	65,810
Elimination of inter-segment sales	(7,326)	(1,595)	(13,442)	(12,752)
Total revenue	7,461	6,114	69,342	53,058
<u>Segment Results</u>				
Publishing	(3,320)	(2,743)	7,101	4,002
Printing	232	170	907	1,463
Education	(266)	(81)	(469)	(289)
Others	118	72	146	339
Total operating profit	(3,236)	(2,582)	7,685	5,515

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 21 November 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 30 September 2012.

15. Significant related party transactions

The following are significant related party transactions:

	Quarter ended		Financial year ended	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
Purchase of production papers	2,444	3,164	9,814	10,048
Rental expense	15	33	58	76

16. Performance review (YTD Q4 2012 vs YTD Q4 2011)

The Group reported a consolidated turnover of RM69.3 million for the current year ended 30 September 2012 as compared to RM53.1 million for the comparative year ended 30 September 2011. The consolidated turnover showed an increase of RM16.2 million or an improvement of 30.5% for the period under review.

The Group reported a profit after tax of RM5.0 million for the current year ended 30 September 2012 as compared to RM3.6 million for the comparative year ended 30 September 2011. The consolidated profit after tax for the period under review showed an increase of RM1.4 million.

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 year, the Publishing Segment generated a turnover of RM59.1 million as compared to RM43.8 million for the comparative year ended 30 September 2011. With a higher turnover, the Publishing Segment recorded a bottom line results of RM7.1 million in the current year as compared to RM4.0 million in the comparative year, showing an improvement of RM3.1 million in its bottom line results.

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

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 enforcing a greater amount of printing work during this current year. The Printing Segment generated a total revenue of RM15.7 million in the current year as compared to a total revenue of RM14.2 million for the comparative year ended 30 September 2011.

The bottom line results of RM1.46 million as recorded by the printing segment in the comparative year ended 30 September 2011 is made up of RM463,000 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 RM444,000 in its bottom line results. The Printing Segment generated a bottom line results of RM907,000 for the current year ended 30 September 2012 compared to RM463,000 generated during the comparative year.

Education Segment

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 RM469,000 based on its total revenue of RM678,000 generated during the current year.

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 to the awareness of the public.

17. Comparison with preceding quarter results (Q4 2012 vs Q3 2012)

The Group reported a loss before tax of RM3.3 million for the current quarter ended 30 September 2012 as compared to the profit before tax of RM2.5 million generated in the preceding quarter ended 30 June 2012. The loss 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 next financial year ending 2013.

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	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
Income tax:				
Malaysian	(77)	149	(3,116)	(1,680)
Overseas	(200)	77	(200)	(99)
Deferred tax:				
Malaysian	1,538	340	968	279
Overseas	-	12	-	12
Total	<u>1,261</u>	<u>578</u>	<u>(2,348)</u>	<u>(1,488)</u>

The effective tax rate of the Group for the financial year 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 30.9.2012		Total RM'000
	Secured RM'000	Unsecured RM'000	
Short term	1,513	-	1,513
Long term	4,981	-	4,981
	<u>6,494</u>	<u>-</u>	<u>6,494</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 21 November 2012.

24. Earnings per share

a) Basic

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

	Quarter ended		Financial year ended	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
Net profit for the year (RM'000)	(1,801)	(1,854)	5,115	3,795
Weighted average number of ordinary shares in issue ('000)	97,807	97,807	98,744	98,744
Earnings Per Share (sen)	(1.84)	(1.90)	5.18	3.84

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 30.9.2012 RM'000	Cumulative Year to date 30.9.2012 RM'000
a) Interest income	(114)	(377)
b) Other income	(128)	(264)
c) Interest expense	79	345
d) Depreciation and amortisation	569	2,418
e) Provision for and write off of receivables	827	2,211
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	(1,007)	(1,066)
i) Impairment of assets	-	-
j) (Gain)/Loss on foreign exchange	71	100
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 30.9.2012 RM'000	As at 30.9.2011 RM'000
Holding Company & its Subsidiaries		
Realised	60,570	58,118
Unrealised	1,826	871
	<u>62,396</u>	<u>58,989</u>
Associated Companies		
Realised	(293)	(284)
Unrealised	-	-
	<u>62,103</u>	<u>58,705</u>
Consolidation adjustments	<u>(25,390)</u>	<u>(25,656)</u>
	<u>36,713</u>	<u>33,049</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 26 November 2012.