



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**
(The figures have not been audited)

| | CURRENT 3 months ended | | YEAR TO DATE 12 months ended | |
|--|---------------------------|----------------------------------|---------------------------------|----------------------------------|
| | 30.9.2013 RM'000 | 30.9.2012 RM'000 (Audited) | 30.9.2013 RM'000 | 30.9.2012 RM'000 (Audited) |
| Revenue | 2,713 | 7,485 | 66,583 | 69,366 |
| Cost of sales | (2,458) | (7,011) | (42,487) | (44,418) |
| Gross Profit | 255 | 474 | 24,096 | 24,948 |
| Other income | 323 | 1,261 | 3,549 | 1,719 |
| Administrative expenses | (3,302) | (3,063) | (9,367) | (9,412) |
| Selling and marketing expenses | (1,046) | (1,776) | (6,892) | (7,747) |
| Other expenses | (382) | (1,321) | (2,315) | (3,012) |
| Operating profit | (4,152) | (4,425) | 9,071 | 6,496 |
| Finance costs | (55) | (198) | (365) | (464) |
| Share of profit/(loss) of associates | 112 | 54 | 30 | (7) |
| Profit before tax | (4,095) | (4,569) | 8,736 | 6,025 |
| Income tax expenses | 1,237 | 2,108 | (2,434) | (1,501) |
| Profit for the period | (2,858) | (2,461) | 6,302 | 4,524 |
| Other comprehensive income : | | | | |
| Gain on fair value changes of other investment | - | - | - | - |
| Foreign currency translation | 291 | 89 | 308 | 186 |
| Total comprehensive income for the period | (2,567) | (2,372) | 6,610 | 4,710 |
| Profit attributable to: | | | | |
| Owners of the Company | (2,845) | (2,219) | 6,055 | 4,697 |
| Non-controlling interests | (13) | (242) | 247 | (173) |
| | (2,858) | (2,461) | 6,302 | 4,524 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | (2,573) | (2,134) | 6,343 | 4,873 |
| Non-controlling interests | 6 | (238) | 267 | (163) |
| | (2,567) | (2,372) | 6,610 | 4,710 |
| Earning per share attributable to owners of the Company : | | | | |
| Basic (Sen) | (2.91) | (2.27) | 6.13 | 4.76 |
| Diluted (Sen) | (2.91) | (2.27) | 6.13 | 4.76 |

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 September 2012 and the accompanying notes attached to the Interim Financial Statements.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013
(The figures have not been audited)

| | As at 30.9.2013 RM'000 | As at 30.9.2012 RM'000 (Audited) |
|--|---------------------------------------|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 38,967 | 31,768 |
| Investment properties | 1,953 | 1,953 |
| Investment in associates | 114 | 77 |
| Other Investments | 27 | 27 |
| Deferred tax assets | 3,808 | 3,726 |
| | <u>44,869</u> | <u>37,551</u> |
| Current assets | | |
| Inventories | 27,807 | 28,914 |
| Trade receivables | 11,961 | 13,625 |
| Other receivables | 746 | 1,933 |
| Prepayment | 970 | 758 |
| Tax recoverable | 1,501 | 457 |
| Cash and bank balances | 30,052 | 28,011 |
| | <u>73,037</u> | <u>73,698</u> |
| TOTAL ASSETS | <u>117,906</u> | <u>111,249</u> |
| EQUITY AND LIABILITIES | | |
| Current liabilities | | |
| Short term borrowings | 1,342 | 1,414 |
| Trade Payables | 2,305 | 5,059 |
| Other Payables | 20,497 | 12,549 |
| Tax Payable | 542 | 869 |
| Dividend payable | - | - |
| | <u>24,686</u> | <u>19,891</u> |
| Non current liabilities | | |
| Long term borrowings | 2,078 | 5,068 |
| Deferred tax liabilities | 1,777 | 1,600 |
| | <u>3,855</u> | <u>6,668</u> |
| Total liabilities | <u>28,541</u> | <u>26,559</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 | 331 | 44 |
| Retained earnings | 40,416 | 36,295 |
| | <u>89,340</u> | <u>84,932</u> |
| Non-controlling interests | 25 | (242) |
| Total equity | <u>89,365</u> | <u>84,690</u> |
| TOTAL EQUITY AND LIABILITIES | <u>117,906</u> | <u>111,249</u> |
| Net assets per share attributable to owners of the parent (RM) | <u>0.9239</u> | <u>0.8755</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 2012 and the accompanying explanatory notes to the Interim Financial Statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**
(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 2012 | 50,000 | - | (1,408) | 44 | 1 | 36,295 | 84,932 | (242) | 84,690 |
| Total comprehensive income | - | - | - | 287 | - | 6,055 | 6,342 | 267 | 6,609 |
| Dividend | - | - | - | - | - | (1,934) | (1,934) | - | (1,934) |
| At 30 September 2013 | 50,000 | - | (1,408) | 331 | 1 | 40,416 | 89,340 | 25 | 89,365 |
| | | | | | | | | | |
| At 1 October 2011 | 50,000 | - | (1,408) | (132) | 1 | 33,049 | 81,510 | (79) | 81,431 |
| Total comprehensive income | - | - | - | 176 | - | 4,697 | 4,873 | (163) | 4,710 |
| Disposal of equity stake in subsidiary | - | - | - | - | - | - | - | - | - |
| Dividend | - | - | - | - | - | (1,451) | (1,451) | - | (1,451) |
| At 30 September 2012 | 50,000 | - | (1,408) | 44 | 1 | 36,295 | 84,932 | (242) | 84,690 |

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 2012 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 30 SEPTEMBER 2013
(The figures have not been audited)

| | 12 months ended | |
|---|---------------------|----------------------------------|
| | 30.9.2013 RM'000 | 30.9.2012 RM'000 (Audited) |
| Cash flows from operating activities | | |
| Profit before tax | 8,736 | 6,025 |
| Adjustments for non-cash items | (312) | 4,438 |
| Operating profit before working capital changes | 8,424 | 10,463 |
| Net change in current assets | 4,598 | (1,466) |
| Net change in current liabilities | 5,194 | 3,982 |
| Cash generated from operations | 18,216 | 12,979 |
| Tax paid (net of refund) | (3,728) | (863) |
| Interest paid | (365) | (464) |
| Net cash generated from operating activities | 14,123 | 11,652 |
| Cash flows from investing activities | | |
| Interest received | 464 | 390 |
| Purchase of plant and equipment | (9,132) | (903) |
| Proceeds from disposal of equity stake in subsidiary | - | - |
| Proceeds from disposal of plant and equipment | 1,430 | 1,389 |
| Net cash (used in)/generated from investing activities | (7,238) | 876 |
| Cash flows from financing activities | | |
| Dividend paid | (1,934) | (1,451) |
| Repayment of obligation under finance leases | (442) | (540) |
| Repayment of term loans | (3,032) | (1,063) |
| Proceeds from finance leases financing | 246 | - |
| Net cash used in financing activities | (5,162) | (3,054) |
| Net increase in cash and cash equivalents | 1,723 | 9,474 |
| Effect of exchange rate changes | 318 | 211 |
| Cash and cash equivalents at beginning of period | 28,011 | 18,326 |
| Cash and cash equivalents at end of period | 30,052 | 28,011 |

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

| | 12 months ended | |
|---------------------------|---------------------|---------------------|
| | 30.9.2013 RM'000 | 30.9.2012 RM'000 |
| Cash on hand and at banks | 17,122 | 15,860 |
| Fixed deposits | 12,930 | 12,151 |
| | 30,052 | 28,011 |

The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 30 September 2012 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 are unaudited and have been prepared in accordance with the reporting requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa"). These interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

These interim financial statements are the Group's first MFRS compliant interim financial statements for the 12 months ended 30 September 2013 and hence *MFRS1: First-Time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied.

The MFRS are effective for the Group from 1 October 2012 and the date of transition to the MFRS framework for the purpose of the first MFRS compliant interim financial statements are 1 October 2011. The Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1 and the impact of the transition to MFRS framework is described in Note 2 below.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2012. The 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 the Group since the financial year ended 30 September 2012.

2. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 30 September 2012 were prepared in accordance with Financial Reporting Standards ("FRS") issued by MASB. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the year ended 30 September 2012. The transitioning to MFRS will not have any significant impact on the interim financial report of the Group.

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2012 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 comes from 1st quarter of our financial year (October 2012 to December 2012) before school term reopened. The turnover cycle drops in the 2nd and 3rd quarter of our financial year (January 2013 to June 2013), in which the returns are usually higher than the 1st and 4th quarter of our financial year.

The 4th quarter of our financial year (July 2013 to September 2013) is the period of heavy production and promotion. However, the turnover starts picking up towards the end of our 4th quarter and the momentum is well carried forward to the 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 2013.

As at 30 September 2013, 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 2013.

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 single tier final dividend of 4.0% per ordinary share of RM0.50 each amounting to RM1,934,578 in respect of the financial year ended 30 September 2012 was paid on 30 April 2013.

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 2013. 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 | |
|---|---------------------|---------------------|----------------------|---------------------|
| | 30.9.2013 RM'000 | 30.9.2012 RM'000 | 30.9.2013 RM'000 | 30.9.2012 RM'000 |
| Segment Revenue | | | | |
| <u>Revenue</u> | | | | |
| Publishing | 292 | 5,282 | 58,635 | 59,332 |
| Printing | 3,451 | 3,276 | 15,079 | 15,724 |
| Education | 141 | 81 | 550 | 673 |
| Others | 504 | 6,403 | 1,669 | 7,310 |
| Total revenue including inter segment sales | 4,388 | 15,042 | 75,933 | 83,039 |
| Elimination of inter-segment sales | (1,675) | (7,557) | (9,350) | (13,673) |
| Total revenue | 2,713 | 7,485 | 66,583 | 69,366 |
| <u>Segment Results</u> | | | | |
| Publishing | (4,758) | (4,487) | 6,907 | 5,934 |
| Printing | 482 | 119 | 2,147 | 794 |
| Education | 115 | (326) | (26) | (529) |
| Others | 9 | 269 | 43 | 297 |
| Total operating profit | (4,152) | (4,425) | 9,071 | 6,496 |

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 25 November 2013.

12. Change in the composition of the Group

On 27 June 2013, Cai Hong (Hong Kong) Investment Private Limited, a wholly owned subsidiary of the Company has been placed under Member's Voluntary Winding-Up.

Except for the above, 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 2012.

14. Capital commitments

Commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 September 2013 amounted to :

| | |
|---------------------------------|---------------|
| | RM'000 |
| Contracted but not provided for | <u>473</u> |

15. Significant related party transactions

The following are significant related party transactions:

| | Quarter ended | | Financial year ended | |
|-------------------------------|---------------------|---------------------|----------------------|---------------------|
| | 30.9.2013 RM'000 | 30.9.2012 RM'000 | 30.9.2013 RM'000 | 30.9.2012 RM'000 |
| Purchase of production papers | 2,619 | 2,444 | 9,454 | 9,814 |
| Rental expense | 15 | 15 | 58 | 58 |

16. Performance review (YTD Q4 2013 vs YTD Q4 2012)

The Group reported a consolidated turnover of RM66.6 million for the current year ended 30 September 2013 as compared to RM69.4 million for the comparative year ended 30 September 2012. The consolidated turnover decreased by RM2.8 million or equivalent to 4.0% for the period under review.

The Group reported a profit after tax of RM6.3 million for the current year ended 30 September 2013 as compared to RM4.5 million for the comparative year ended 30 September 2012. The consolidated profit after tax for the period under review increased by RM1.8 million and was significantly contributed by provision of doubtful debts written back in line with Group policy.

The main contributor towards the profitability of the Group in the current year still remains as the Publishing Segment.

Publishing Segment

During the current year, the Publishing Segment generated a turnover of RM58.6 million as compared to RM59.3 million for the comparative year ended 30 September 2012. The Publishing Segment recorded bottom line results of RM6.9 million in the current year compared to RM5.9 million in the comparative year, mainly due to the write back of doubtful debts of RM1.5 million.

Printing Segment

The Printing Segment generated a total revenue of RM15.1 million in the current year as compared to a total revenue of RM15.7 million for the comparative year ended 30 September 2012.

The bottom line results of RM2.1 million as recorded by the printing segment in the current year ended 30 September 2013 is made up of RM1,193,000 generated from the printing operations and the remaining portion of RM954,000 is derived from the disposal of property units.

Excluding the profit derived from non printing operations, the Printing Segment shows an increase of RM399,000 in its bottom line results as compared to RM794,000 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 RM26,000 based on its total revenue of RM550,000 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 2013 vs Q3 2013)

The Group reported a loss before tax of RM4.1 million for the current quarter ended 30 September 2013 as compared to the profit before tax of RM3.4 million generated in the preceding quarter ended 30 June 2013. 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 30 September 2014.

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 | |
|---------------|---------------------|---------------------|----------------------|---------------------|
| | 30.9.2013 RM'000 | 30.9.2012 RM'000 | 30.9.2013 RM'000 | 30.9.2012 RM'000 |
| Income tax: | | | | |
| Malaysian | 3,249 | 469 | (1,919) | (2,570) |
| Overseas | 253 | (199) | (438) | (199) |
| Deferred tax: | | | | |
| Malaysian | (2,299) | 1,824 | (111) | 1,254 |
| Overseas | 34 | 14 | 34 | 14 |
| Total | <u>1,237</u> | <u>2,108</u> | <u>(2,434)</u> | <u>(1,501)</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 year 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

| | As at 30.9.2013 | | |
|------------------|-------------------|---------------------|-----------------|
| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
| Group borrowings | | | |
| Short term | 1,342 | - | 1,342 |
| Long term | 2,078 | - | 2,078 |
| | <u>3,420</u> | <u>-</u> | <u>3,420</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 25 November 2013.

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 | |
|--|---------------|-----------|----------------------|-----------|
| | 30.9.2013 | 30.9.2012 | 30.9.2013 | 30.9.2012 |
| Net profit for the year (RM'000) | (2,845) | (2,219) | 6,055 | 4,697 |
| Weighted average number of ordinary shares in issue ('000) | 97,807 | 97,807 | 98,744 | 98,744 |
| Earnings Per Share (sen) | (2.91) | (2.27) | 6.13 | 4.76 |

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 30.9.2013 RM'000 | Cumulative Year to date 30.9.2013 RM'000 |
|--|---|---|
| a) Interest income | (142) | (464) |
| b) Other income | (181) | (360) |
| c) Interest expense | 55 | 365 |
| d) Depreciation and amortisation | 566 | 2,445 |
| e) Provision for and write off of receivables | 147 | 179 |
| 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 | (42) | (1,032) |
| i) Impairment of assets | - | - |
| j) Impairment loss on trade receivables written back | 42 | (1,693) |
| k) (Gain)/Loss on foreign exchange | 122 | (129) |
| l) (Gain)/Loss on derivatives | - | - |
| m) Exceptional items | - | - |

26. Realised and unrealised profit / losses

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

| | As at 30.9.2013 RM'000 | As at 30.9.2012 RM'000 |
|------------------------------------|---------------------------------------|---------------------------------------|
| Holding Company & its Subsidiaries | | |
| Realised | 63,160 | 60,119 |
| Unrealised | 2,032 | 626 |
| | <u>65,192</u> | <u>60,745</u> |
| Associated Companies | | |
| Realised | (256) | (293) |
| Unrealised | - | - |
| | <u>64,936</u> | <u>60,452</u> |
| Consolidation adjustments | (24,520) | (24,157) |
| | <u>40,416</u> | <u>36,295</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 November 2013.