



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2019**
(The figures have not been audited)

	CURRENT 3 months ended		YEAR TO DATE 6 months ended	
	31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
Revenue	17,885	17,649	45,315	47,185
Cost of sales	(9,800)	(11,834)	(26,126)	(28,979)
Gross profit	8,085	5,815	19,189	18,206
Other income	557	739	1,692	1,216
Administrative expenses	(3,286)	(3,013)	(6,470)	(6,313)
Selling expenses	(1,408)	(1,330)	(3,253)	(3,276)
Other expenses	(589)	(1,404)	(1,112)	(2,637)
Operating profit	3,359	807	10,046	7,196
Finance costs	(153)	(164)	(312)	(326)
Share of (loss)/profit of equity-accounted associate	(21)	92	(45)	62
Profit before tax	3,185	735	9,689	6,932
Tax expenses	(844)	(232)	(2,197)	(1,630)
Profit for the period	2,341	503	7,492	5,302
Other comprehensive income:				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation	161	463	(218)	669
Total comprehensive income for the period	2,502	966	7,274	5,971
Profit attributable to:				
Owners of the Company	2,164	411	7,380	5,241
Non-controlling interests	177	92	112	61
	2,341	503	7,492	5,302
Other comprehensive income attributable to:				
Owners of the Company	2,311	853	7,156	5,884
Non-controlling interests	191	113	118	87
	2,502	966	7,274	5,971
Earnings per share attributable to owners of the Company:				
Basic (Sen)	2.24	0.43	7.64	5.43
Diluted (Sen)	2.24	0.42	7.64	5.41

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 September 2018 and the accompanying notes attached to the Interim Financial Statements.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019
(The figures have not been audited)

	As at 31.03.2019 RM'000	As at 30.09.2018 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	54,296	54,901
Investment properties	4,762	4,762
Investment in associate	180	224
Other Investments	1,021	1,027
Intangible assets	57	96
Prepayments	-	4
Deferred tax assets	9,567	7,259
	<u>69,883</u>	<u>68,273</u>
Current assets		
Inventories	35,238	35,726
Trade receivables	26,496	14,809
Other receivables	2,144	1,540
Prepayment	2,361	1,872
Tax recoverable	438	2,049
Cash and bank balances	15,389	13,748
	<u>82,066</u>	<u>69,744</u>
TOTAL ASSETS	<u>151,949</u>	<u>138,017</u>
EQUITY AND LIABILITIES		
Current liabilities		
Short term borrowings	1,401	1,343
Trade Payables	2,608	4,955
Other Payables	27,637	19,709
Tax Payable	1,754	316
	<u>33,400</u>	<u>26,323</u>
Non current liabilities		
Long term borrowings	11,534	12,075
Employees' benefits	385	381
Deferred tax liabilities	2,714	2,595
	<u>14,633</u>	<u>15,051</u>
Total liabilities	<u>48,033</u>	<u>41,374</u>
Equity attributable to owners of the parent		
Share capital	50,025	50,025
Treasury shares	(1,508)	(1,508)
Foreign exchange reserve	1,320	1,544
Employee share option reserve	315	316
Retained earnings	52,949	45,569
	<u>103,101</u>	<u>95,946</u>
Non-controlling interests	815	697
Total equity	<u>103,916</u>	<u>96,643</u>
TOTAL EQUITY AND LIABILITIES	<u>151,949</u>	<u>138,017</u>
Net assets per share attributable to owners of the parent (RM)	<u>1.0673</u>	<u>0.9933</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 2018 and the accompanying explanatory notes to the Interim Financial Statements.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2019
(The figures have not been audited)

	Share Capital	Treasury Shares	Foreign Exchange Reserve	Employee Share Option 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
At 1 October 2018	50,025	(1,508)	1,544	316	45,569	95,946	697	96,643
Total comprehensive income	-	-	(224)	-	7,380	7,156	118	7,274
Employee share option forfeited	-	-	-	(1)	-	(1)	-	(1)
At 31 March 2019	50,025	(1,508)	1,320	315	52,949	103,101	815	103,916
At 1 October 2017	50,025	(1,508)	581	348	46,978	96,424	643	97,067
Total comprehensive income	-	-	643	-	5,241	5,884	87	5,971
Employee share options granted	-	-	-	(28)	-	(28)	-	(28)
At 31 March 2018	50,025	(1,508)	1,224	320	52,219	102,280	730	103,010

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 2018 and the Notes to the Interim Financial Statements.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2019
(The figures have not been audited)

	6 months ended	
	31.03.2019 RM'000	31.03.2018 RM'000
Cash flows from operating activities		
Profit before tax	9,689	6,932
Adjustments for non-cash items	2,443	5,165
Operating profit before working capital changes	12,132	12,097
Net change in current assets	(13,213)	(12,682)
Net change in current liabilities	5,585	976
Cash generated from operating activities	4,504	391
Tax paid	(1,325)	(2,427)
Net cash from/(used in) operating activities	3,179	(2,036)
Cash flows from investing activities		
Acquisition of shares in subsidiary	(21)	-
Dividend received	-	-
Interest received	123	172
Proceeds from disposal of property, plant and equipment	36	362
Proceeds from termination investment	26	-
Purchase of property, plant and equipment	(645)	(2,141)
Net cash outflow from disposal of subsidiary	-	-
Net cash used in investing activities	(481)	(1,607)
Cash flows from financing activities		
Interest paid	(312)	(326)
Proceeds from finance leases financing	188	953
Purchase of treasury shares	-	-
Repayment of obligation under finance leases	(230)	(217)
Repayment of term loans	(443)	(433)
Placement of fixed deposit with licensed bank	-	-
Net cash used in financing activities	(797)	(23)
Net increase/(decrease) in cash and cash equivalents	1,901	(3,666)
Effect of exchange rate changes	(260)	971
Cash and cash equivalents at beginning of year	13,248	20,068
Cash and cash equivalents at end of year	14,889	17,373

Cash and cash equivalents at the end of the year comprise the following:

	6 months ended	
	RM'000	RM'000
Cash and bank balances	15,389	17,873
Less: Fixed deposits pledged with licensed banks	(500)	(500)
	14,889	17,373

The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 30 September 2018 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 ("MFRSs") 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 Securities").

The interim financial statements should be read in conjunction with the audited financial statements for financial year ended 30 September 2018. 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 2018.

2. Significant accounting policies

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the financial statements for the year ended 30 September 2018. At the beginning of the current financial year, the Group adopted amendments to MFRSs and IC interpretations ("IC Int") which are mandatory for the financial period beginning on or after 1 October 2018.

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:

Adoption of Amendments/Improvements to MFRSs

Amendments to MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under scope of MFRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is also expected that the Group's investment in unquoted shares will be measured at fair value through other comprehensive income.

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of MFRS 9.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue – Barter Transaction Involving Advertising Services. The principles in MFRS 15 provide a more structured approach to measuring and recognizing revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchanged for transferring goods or services to a customer.

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of MFRS 15.

Reclassification of revenue for prior year has been made in line with adoption of MFRS 15. Sales rebate has been reclassified from Selling Expenses to Revenue.

Standard Issued But Not Yet Effective

At the date of authorisation of these interim financial statements, the Group has not applied the following new standards, amendments to standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group:

MFRS and Amendments to MFRS effective 1 January 2019:

Amendments to MFRS 9 Financial Instrument: Prepayment Features with Negative Compensation
MFRS 16 Leases
Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015 - 2017 Cycle
IC Interpretation 23 Uncertainty over Income Tax Treatments

Amendments to MFRS and IC Interpretation effective 1 January 2020:

Amendments to MFRS 2 Share-Based Payment
Amendment to MFRS 3 Business Combinations
Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources
Amendment to MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS 101 Presentation of Financial Statements
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134 Interim Financial Reporting
Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets
Amendment to MFRS 138 Intangible Assets
Amendment to IC Interpretation 12 Service Concession Arrangements
Amendment to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
Amendment to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Amendment to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132 Intangible Assets - Web Site Costs



MFRS effective 1 January 2021:
MFRS 17 Insurance Contracts

Amendments to MFRSs - effective date deferred indefinitely

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

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2018 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 Group's revenue comes from 1st quarter of our financial year (i.e., that is October 2018 to December 2018) before school term reopened in January 2019. The revenue cycle is expected to drop and coupled with higher goods returns in other quarters during the financial year.

The revenue starts picking up towards the end of our 4th quarter and the momentum is well carried forward to the 1st quarter of our next 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.

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

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the current quarter under review except for the following :

Employees's Share Option Scheme ("ESOS")

As at 31 March 2019, a total of 20,000 employee share options lapsed.

8. Dividends

There was no dividend being paid, proposed or declared during the quarter under review.

9. Segment information

	Quarter ended		Financial year ended	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
<u>Revenue</u>				
Publishing	17,169	14,707	43,068	42,412
Printing	2,483	2,546	5,420	5,908
Education	236	182	417	302
Others	762	785	1,677	1,536
Total revenue including inter segment sales	20,650	18,220	50,582	50,158
Elimination of inter-segment sales	(2,765)	(571)	(5,267)	(2,973)
Total revenue	<u>17,885</u>	<u>17,649</u>	<u>45,315</u>	<u>47,185</u>
Segment Results				
Publishing	3,464	646	9,652	6,317
Printing	(301)	(192)	(248)	348
Education	22	14	59	22
Others	174	339	583	509
Total operating profit	<u>3,359</u>	<u>807</u>	<u>10,046</u>	<u>7,196</u>



10. Valuation of property, plant and equipment

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

11. Material events subsequent to the end of the interim period

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

12. Changes in the composition of the Group

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

13. Changes in contingent liabilities/assets

There were no material changes in contingent liabilities/assets since the last balance sheet date up to the date of this report.

14. Capital commitments

There were no capital commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2019.

15. Significant related party transactions

The following are significant related party transactions:

	Quarter ended		Financial year ended	
	31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
Rental expense	19	19	38	38

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

16. Performance review (YTD Q2 2019 vs YTD Q2 2018)

Publishing Segment

Publishing Segment generated revenue of RM43.07 million for the current period ended 31 March 2019 as compared to RM42.41 million for the comparative period ended 31 March 2018. Publishing Segment recorded operating profit of RM9.65 million in the current period compared to RM6.32 million in the comparative period, an increase of RM3.33 million.

Good marketing effort has driven increase in school workbook and children book sales in Malaysia. In addition, foreign subsidiaries have increased revenue during this period, with Pelangi Publishing Thailand increased by RM0.99 million and PT.Penerbitan Pelangi Indonesia increased by RM0.24 million. This was offset by lesser textbook revenue from Malaysian Ministry of Education totalling RM3.30 million.

Besides higher revenue, the segment's higher operating profit was also contributed by lower operating expenses related to textbook revenue and unrealised gain on foreign exchange of RM0.46 million as a result from the strengthening of Indonesian Rupiah against Malaysia Ringgit.

Printing Segment

Printing Segment generated revenue of RM5.42 million for the current period ended 31 March 2019 as compared to RM5.91 million for the comparative period ended 31 March 2018. In response to lower demand in commercial print jobs, Comtech Marketing Sdn Bhd is currently undergoing organisational restructuring and reducing operational costs by relocating its printing plant. Relocation of printing plant has temporarily caused the delay in sales delivery and incurred extra costs in the short term. The Group expects the printing business to improve in coming months.

Education Segment

The Education Segment remains as a minor segment within the Group. This Segment generated revenue of RM0.42 million in the current period ended 31 March 2019, as compared to RM0.30 million in the comparative period ended 31 March 2018. The increase of revenue by RM0.12 million was mainly driven by the increase in number of students enrolling in the Group's daycare centre in Johor Bahru.

Education segment continues to play an important role in promoting and uplifting the Group's image and branding to the public.

Other Segment

The Other Segment generated revenue of RM1.68 million in the current period as compared to RM1.54 million for the comparative period ended 31 March 2018 with an increase of RM0.14 million. The slight increase of revenue is from the rental collected.



17. Comparison of current quarter with preceding quarter results (Q2 2019 vs Q1 2019)

The Group reported profit before tax of RM3.19 million for the current quarter ended 31 March 2019 as compared to the profit before tax of RM6.50 million in the preceding quarter ended 31 December 2018. The lower profit generated during this quarter is in line with the business trend and annual cyclical order as explained in Note 4.

18. Commentary of prospects

With ASEAN market in mind, the Group continues to create new innovations in providing better educational solutions in K-12 markets, including digital contents, e-books, digital learning tools and Augmented Reality products, while expending into products for infants.

The Group is confident that education remains an attractive investment opportunity with the growth potential to enable us to serve more students around the world and deliver good, sustainable returns to our shareholders. Thus, ASEAN markets outside Malaysia through our team in regional offices- Thailand and Indonesia will be the development focus for the Group. Furthermore, the Group has seen good growth in Indonesia market last year and expects further growth in the coming financial year.

The Group will place more investments and product development efforts in growing its business on other ASEAN markets and continue to explore new forms of collaborations and develop new business models across the publishing and digital education boundaries in ASEAN countries.

Apart from that, the Group will continue to make further initiatives in digital marketing to better engage with consumers. The Group will grow the direct sales/network marketing channel to promote and sell its online/digital products and also use our core strengths in content to move into digital content marketing so consumers could interact and access digital data as quickly and as conveniently as possible.

Another area for future growth is the digital learning sector which has the potential to revolutionise education. The Group is well prepared for the shift as we already have a content portfolio in place, as evidenced by our presence in the digital learning market via ePelangi.com, and are working actively to increase the content progressively.

The Group is also well prepared to support initiatives from Malaysia's Ministry of Education in digital education, as seen in the Group's recent successful bidding in Tingkatan 1 Mathematics digital textbook. The Group is well positioned to introduce these products to other ASEAN markets too, further strengthening the Group's business prospects in ASEAN.

19. Profit forecast and profit guarantee

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

20. Taxation

	Quarter ended		Financial year ended	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Malaysian	(936)	(370)	(4,042)	(3,637)
Overseas	(156)	(171)	(332)	(175)
Deferred tax:				
Malaysian	500	(11)	2,404	1,791
Overseas	(252)	320	(227)	391
Total tax expenses	<u>(844)</u>	<u>(232)</u>	<u>(2,197)</u>	<u>(1,630)</u>

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

21. Corporate proposals

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

22. Borrowings and debt securities

	As at 31.03.2018		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short term	1,401	-	1,401
Long term	11,534	-	11,534
	<u>12,935</u>	<u>-</u>	<u>12,935</u>

23. Changes in material litigation

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



24. Earnings per share

a) Basic earnings per share

The basic earnings per ordinary share for current period is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the current period concerned.

	Quarter ended		Financial year ended	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Net profit for the year (RM'000)	2,164	411	7,380	5,241
Weighted average number of ordinary shares in issue ('000)	96,598	96,598	96,598	96,598
Earnings per share (Sen)	2.24	0.43	7.64	5.43

b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial period have been adjusted for the dilutive effects of all potential ordinary shares, i.e., share options granted to employees.

	Quarter ended		Financial year ended	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Net profit for the year (RM'000)	2,164	411	7,380	5,241
Weighted average number of ordinary shares in issue ('000)	96,598	96,598	96,598	96,598
Effect of dilution arising from ESOS ('000)	-	189	-	189
Weighted average number of ordinary shares for diluted earnings per share ('000)	96,598	96,787	96,598	96,787
Diluted earnings per share (Sen)	2.24	0.42	7.64	5.41

No diluted earnings per share is presented as there are no potential dilutive ordinary shares for the current quarter.

25. Notes to the condensed consolidated statement of comprehensive income

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

	Quarter ended		Financial year ended	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
a) Interest income	(68)	(78)	(123)	(172)
b) Other income	(489)	(661)	(1,569)	(1,044)
c) Interest expense	153	164	312	326
d) Depreciation and amortisation	637	695	1,307	1,388
e) Provision for and write off receivables	(83)	193	327	223
f) Provision for and write off of inventories	787	995	1,900	2,649
g) Loss/(gain) on disposal of property, plant and equipment	10	(98)	(23)	(362)
h) (Gain)/loss on foreign exchange	(24)	941	(447)	1,667
i) Reversal of impairment loss on receivables	(763)	(439)	(857)	(466)
j) Exceptional items:				
- employee benefit expenses	-	(17)	-	(28)

26. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors in accordance with a resolution of the Directors on 31 May 2019.