



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

	31.12.2019 3 months ended		YEAR TO DATE 3 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Revenue	20,223	27,429	20,223	27,429
Cost of sales	(11,391)	(16,326)	(11,391)	(16,326)
Gross profit	8,832	11,103	8,832	11,103
Other income	195	986	195	986
Net of allowance for expected credit loss on financial assets	537	(316)	537	(316)
Administrative expenses	(3,342)	(3,183)	(3,342)	(3,183)
Selling expenses	(1,546)	(1,435)	(1,546)	(1,435)
Other expenses	(541)	(523)	(541)	(523)
Operating profit	4,135	6,632	4,135	6,632
Finance costs	(139)	(160)	(139)	(160)
Finance income	92	55	92	55
Share of loss of equity-accounted associate	(65)	(23)	(65)	(23)
Profit before tax	4,023	6,504	4,023	6,504
Tax expenses	(1,274)	(1,353)	(1,274)	(1,353)
Profit for the period	2,749	5,151	2,749	5,151
Other comprehensive income:				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation	(20)	(378)	(20)	(378)
	2,729	4,773	2,729	4,773
Profit attributable to:				
Owners of the Company	2,674	5,216	2,674	5,216
Non-controlling interests	75	(65)	75	(65)
	2,749	5,151	2,749	5,151
Other comprehensive income attributable to:				
Owners of the Company	2,589	4,845	2,589	4,845
Non-controlling interests	140	(72)	140	(72)
	2,729	4,773	2,729	4,773
Earnings per share attributable to owners of the Company:				
Basic (Sen)	2.77	5.40	2.77	5.40
Diluted (Sen)	2.77	5.40	2.77	5.40

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 September 2019 and the accompanying notes attached to the Interim Financial Statements.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

(The figures have not been audited)

	As at 31.12.2019 RM'000	As at 30.09.2019 RM'000 (Audited)
ASSETS		
Property, plant and equipment	54,443	55,066
Investment properties	4,762	4,762
Investment in associate	87	155
Other investments	1,001	1,001
Intangible assets	-	3
Deferred tax assets	9,634	8,763
	<u>69,927</u>	<u>69,750</u>
Current assets		
Inventories	38,676	38,203
Trade receivables	21,719	16,533
Other receivables	1,016	1,284
Prepayment	2,217	1,839
Tax recoverable	463	2,061
Short-term investment	1,417	2,108
Cash and bank balances	13,141	9,816
	<u>78,649</u>	<u>71,844</u>
TOTAL ASSETS	<u>148,576</u>	<u>141,594</u>
EQUITY AND LIABILITIES		
Current liabilities		
Short term borrowings	1,327	1,406
Trade payables	6,297	5,580
Other payables	24,693	21,915
Tax payable	1,517	288
	<u>33,834</u>	<u>29,189</u>
Non current liabilities		
Long term borrowings	10,740	11,044
Employees' benefits	490	491
Deferred tax liabilities	2,650	2,727
	<u>13,880</u>	<u>14,262</u>
Total liabilities	<u>47,714</u>	<u>43,451</u>
Equity attributable to owners of the parent		
Share capital	50,025	50,025
Treasury shares	(1,508)	(1,508)
Foreign exchange reserve	1,503	1,588
Employee share option reserve	293	303
Retained earnings	49,466	46,792
	<u>99,779</u>	<u>97,200</u>
Non-controlling interests	1,083	943
Total equity	<u>100,862</u>	<u>98,143</u>
TOTAL EQUITY AND LIABILITIES	<u>148,576</u>	<u>141,594</u>
owners of the parent (RM)	<u>1.0329</u>	<u>1.0062</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 2019 and the accompanying explanatory notes to the Interim Financial Statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 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 2019	50,025	(1,508)	1,588	303	46,792	97,200	943	98,143
Total comprehensive income	-	-	(85)	-	2,674	2,589	140	2,729
Employee share option forfeited	-	-	-	(10)	-	(10)	-	(10)
At 31 December 2019	50,025	(1,508)	1,503	293	49,466	99,779	1,083	100,862
At 1 October 2018	50,025	(1,508)	1,544	316	45,569	95,946	697	96,643
Total comprehensive income	-	-	(371)	-	5,216	4,845	(72)	4,773
At 31 December 2018	50,025	(1,508)	1,173	316	50,785	100,791	625	101,416

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 2019 and the Notes to the Interim Financial Statements.



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

	3 months ended	
	31.12.2019	31.12.2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	4,023	6,504
Adjustments for :-		
Adjustments for non-cash items	1,983	1,772
Operating profit before working capital changes	6,006	8,276
Net change in current assets	(6,919)	(16,827)
Net change in current liabilities	3,494	9,768
Cash generated from operating activities	2,581	1,217
Tax paid	604	(460)
Net cash from operating activities	3,185	757
Cash flows from investing activities		
Acquisition of shares in subsidiary	-	(21)
Interest received	92	55
Proceeds from disposal of property, plant and equipment	-	33
Purchase of property, plant and equipment	(111)	(140)
Placement of investment	692	-
Net cash from/(used in) investing activities	673	(73)
Cash flows from financing activities		
Interest paid	(139)	(160)
Repayment of obligation under finance leases	(151)	(112)
Repayment of term loans	(232)	(218)
Net cash used in financing activities	(522)	(490)
Net increase in cash and cash equivalents	3,336	194
Effect of exchange rate changes	(11)	(412)
Cash and cash equivalents at beginning of year	9,316	13,248
Cash and cash equivalents at end of year	12,641	13,030

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

	3 months ended	
	RM'000	RM'000
Cash and bank balances	13,141	13,530
Less: Fixed deposits pledged with licensed banks	(500)	(500)
	12,641	13,030

The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 30 September 2019 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 2019. 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 2019.

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 2019. 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 2019.

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

MFRS 16 Leases

MFRS 16 supercedes MFRS 117 Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 will affect primarily the accounting by lessees and requires a lessee to recognise assets and liabilities for all leases on the statement of financial position with an optional exemption for short term and low-value leases.

The statement of profit and loss and other comprehensive income will be affected as rental expenses will be replaced by interest expense and depreciation. The principal portion of the lease liability are classified within financing activities and only part of the payments that reflects interest expense can continue to be presented as operating cash flows in the statement of cash flow.

The Group has applied the modified retrospective approach with no restatement of comparative, under which the cumulative effect of initial recognition is recognised in retained earnings.

The effect arising from the initial application on the statement of financial position of the Group are as follow:

	Increase/(Decrease)
<u>Asset</u>	RM
Property, plant and equipment (right-of-use assets)	1,142,434
<u>Liability</u>	
Lease liabilities	(1,163,100)
Net impact on equity	<u><u>(20,666)</u></u>



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:

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 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 2019 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 2019 to December 2019) before school term reopened in January 2020. 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 December 2019, a total of 145,000 employee share options lapsed.



8. Dividends

The Board of Directors has proposed a final single tier dividend of 2.00% on 96,597,500 ordinary shares, amounting to a dividend payable of RM965,975 (1.00 sen per ordinary share) in respect of the financial year ended 30 September 2019. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2020.

9. Segment information

	Quarter ended		Financial year ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Segment Revenue				
<u>Revenue</u>				
Publishing	18,619	25,899	18,619	25,899
Printing	3,492	2,937	3,492	2,937
Education	206	181	206	181
Others	780	915	780	915
Total revenue including inter segment sales	23,097	29,932	23,097	29,932
Elimination of inter-segment sales	(2,874)	(2,503)	(2,874)	(2,503)
Total revenue	<u>20,223</u>	<u>27,429</u>	<u>20,223</u>	<u>27,429</u>
<u>Segment Results</u>				
Publishing	3,696	6,160	3,696	6,160
Printing	243	34	243	34
Education	37	37	37	37
Others	159	401	159	401
Total operating profit	<u>4,135</u>	<u>6,632</u>	<u>4,135</u>	<u>6,632</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 December 2019.

15. Significant related party transactions

The following are significant related party transactions:

	Quarter ended		Financial year ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Rental expense	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>



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

16. Performance review (YTD Q1 2020 vs YTD Q1 2019)

Publishing Segment

Publishing Segment generated revenue of RM18.62 million for the current period ended 31 December 2019 as compared to RM25.90 million for the comparative period ended 31 December 2018. Publishing Segment recorded operating profit of RM3.70 million in the current period compared to RM6.16 million in the comparative period, an decrease of RM2.46 million.

This segment recorded a lower revenue mainly due to the deferment of textbook orders amounting to RM4 million which the orders will be fulfilled in Q2. On the other hand, challenging business environment has led to weaker revenue contribution from school workbook-related sales in Malaysia and Indonesia. Increased revenue of RM0.17 million in Pelangi Publishing Thailand reduced the impact of lesser revenue from other Publishing subsidiaries this quarter.

The segment's lower operating profit was mainly as a result of the deferment of textbook orders to Q2 and lesser revenue contribution from school workbook-related sales. Lesser unrealised gain on foreign exchange also contributed to less operating profit for this segment this current period.

Printing Segment

Printing Segment generated revenue of RM3.49 million for the current period ended 31 December 2019 as compared to RM2.94 million for the comparative period ended 31 December 2018, an increase of RM0.55 million. Besides better revenue performance, this segment has incurred lesser costs this current period, as compared to last year, as Comtech Marketing underwent major organisation restructuring to improve efficiency and printing plant relocation last year.

As a result of the reorganization of this segment, it recorded a higher operating profit in this quarter.

Education Segment

The Education Segment generated revenue of RM0.21 million in the current period ended 31 December 2019, as compared to RM0.18 million in the comparative period ended 31 December 2018. The increase of revenue by RM0.03 million was mainly driven by the increase in number of students enrolling in the Group's childcare 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 RM0.78 million in the current period as compared to RM0.92 million for the comparative period ended 31 December 2018 with a decrease of RM0.14 million.

The Other Segment includes rental and other investment income.

17. Comparison of current quarter with preceding quarter results (Q1 2020 vs Q4 2019)

The Group reported profit before tax of RM4.02 million for the current quarter ended 31 December 2019 as compared to the loss before tax of RM4.13 million in the preceding quarter ended 30 September 2019. The higher 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

The Group is confident that education remains an attractive investment opportunity with the growth potential to enable us to serve more students and deliver good, sustainable returns to our shareholders. ASEAN markets remain our main focus, especially Thailand and Indonesia where the Group has operational offices, with much investments being placed in developing educational products that are innovative, yet acceptable by mass demand, and expanding coverage in more sales channels in different ASEAN markets. In Thailand and Indonesia, the Group leverages on its strength in creating K-12 educational content to expand into the local markets, especially pre-school / kindergartens and English-medium schools.

With its experienced product development teams, the Group is continuously developing innovative educational solutions in K-12 markets, including play-based educational products, digital contents, e-books, digital learning tools and Augmented Reality products, while expanding into products for infants. The Group believes in producing educational products that are progressive, while at the same time affordable and practical for education purposes.

Presence in various sales channels will be important for growing the Group's financial performance. The Group has seen relatively good success in new sales channels and new collaborations over the past year, and will continue to make further initiatives in developing sales growth in many different sales channels, including digital sales channels. This will also help the Group to lessen dependency on conventional sales channels, as we observed changes in consumers' demand, consumers' shopping habits and economic climate.

Apart from that, the Group believes digital learning sector 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.

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Malaysian	(2,223)	(3,106)	(2,223)	(3,106)
Overseas	-	(176)	-	(176)
Deferred tax:				
Malaysian	1,102	1,904	1,102	1,904
Overseas	(153)	25	(153)	25
Total tax expenses	<u>(1,274)</u>	<u>(1,353)</u>	<u>(1,274)</u>	<u>(1,353)</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 31.12.2019		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short term	1,327	-	1,327
Long term	10,740	-	10,740
	<u>12,067</u>	<u>-</u>	<u>12,067</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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Net profit for the year (RM'000)	2,674	5,216	2,674	5,216
Weighted average number of ordinary shares in issue ('000)	96,598	96,598	96,598	96,598
Earnings per share (Sen)	2.77	5.40	2.77	5.40

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Net profit for the year (RM'000)	2,674	5,216	2,674	5,216
Weighted average number of ordinary shares in issue ('000)	96,598	96,598	96,598	96,598
Effect of dilution arising from ESOS ('000)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	96,598	96,598	96,598	96,598
Diluted earnings per share (Sen)	2.77	5.40	2.77	5.40

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	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
a) Finance income	(92)	(55)	(92)	(55)
b) Other income	(195)	(986)	(195)	(986)
c) Interest expense	139	160	139	160
d) Depreciation and amortisation	730	670	730	670
e) Provision for and write off receivables	304	410	304	410
f) Provision for and write off of inventories	1,771	1,113	1,771	1,113
g) Gain on disposal of property, plant and equipment	-	(33)	-	(33)
h) Gain on foreign exchange	(84)	(423)	(84)	(423)
i) Reversal of impairment loss on receivables	(841)	(94)	(841)	(94)

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 21 February 2020.