



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2020**
(The figures have not been audited)

	CURRENT 3 months ended		YEAR TO DATE 3 months ended	
	30.12.2020 RM'000	31.12.2019 RM'000	30.12.2020 RM'000	31.12.2019 RM'000
Revenue	19,007	20,223	19,007	20,223
Cost of sales	(12,023)	(11,391)	(12,023)	(11,391)
Gross profit	6,984	8,832	6,984	8,832
Other income	1,043	195	1,043	195
Net of allowance for expected credit losses on financial assets	(805)	537	(805)	537
Administrative expenses	(3,463)	(3,342)	(3,463)	(3,342)
Selling expenses	(1,129)	(1,546)	(1,129)	(1,546)
Other expenses	(587)	(541)	(587)	(541)
Operating profit	2,043	4,135	2,043	4,135
Finance costs	(124)	(139)	(124)	(139)
Finance income	32	92	32	92
Share of loss of equity-accounted associate	(27)	(65)	(27)	(65)
Profit before tax	1,924	4,023	1,924	4,023
Tax expenses	(1,191)	(1,274)	(1,191)	(1,274)
Profit for the period	733	2,749	733	2,749
Other comprehensive income: <i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation	(2)	(20)	(2)	(20)
Total comprehensive income for the period	731	2,729	731	2,729
Profit attributable to:				
Owners of the Company	845	2,674	845	2,674
Non-controlling interests	(112)	75	(112)	75
	733	2,749	733	2,749
Other comprehensive income attributable to:				
Owners of the Company	816	2,589	816	2,589
Non-controlling interests	(85)	140	(85)	140
	731	2,729	731	2,729
Earning per share attributable to owners of the Company:				
Basic (Sen)	0.87	2.77	0.87	2.77

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 September 2020 and the accompanying notes attached to the Interim Financial Statements.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(The figures have not been audited)

	As at 30.12.2020 RM'000	As at 30.09.2020 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	49,706	48,800
Right-of-use assets	1,785	3,211
Investment properties	4,762	4,762
Investment in associates	1,135	1,161
Other investments	1	1
Deferred tax assets	8,534	9,344
	65,923	67,279
Current assets		
Inventories	36,112	36,659
Trade receivables	17,668	12,418
Other receivables	835	952
Prepayment	2,012	1,568
Tax recoverable	2,108	1,813
Short-term investment	179	178
Cash and bank balances	15,178	12,974
	74,092	66,562
TOTAL ASSETS	140,015	133,841
EQUITY AND LIABILITIES		
Current liabilities		
Short-term borrowings	1,547	1,628
Trade payables	8,540	6,067
Other payables	21,706	18,059
Tax payable	1,846	311
	33,639	26,065
Non-current liabilities		
Long-term borrowings	9,588	9,935
Employees' benefits	497	486
Deferred tax liabilities	1,294	2,800
	11,379	13,221
Total liabilities	45,018	39,286
Equity attributable to owners of the parent		
Share capital	50,025	50,025
Treasury shares	(1,508)	(1,508)
Foreign exchange reserve	1,663	1,692
Employee share option reserve	-	289
Retained earnings	43,947	43,102
	94,127	93,600
Non-controlling interests	870	955
Total equity	94,997	94,555
TOTAL EQUITY AND LIABILITIES	140,015	133,841
Net assets per share attributable to owners of the parent (RM)	0.9744	0.9690

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 September 2020 and the accompanying explanatory notes to the Interim Financial Statements.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2020
(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 2020	50,025	(1,508)	1,692	289	43,102	93,600	955	94,555
Total comprehensive income	-	-	(29)	-	845	816	(85)	731
Employee share option forfeited	-	-	-	(289)	-	(289)	-	(289)
At 31 December 2020	50,025	(1,508)	1,663	-	43,947	94,127	870	94,997
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 options granted	-	-	-	(10)	-	(10)	-	(10)
At 31 December 2019	50,025	(1,508)	1,503	293	49,466	99,779	1,083	100,862

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 2020 and the Notes to the Interim Financial Statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2020**
(The figures have not been audited)

	3 months ended	
	30.12.2020 RM'000	31.12.2019 RM'000
Cash flows from operating activities		
Profit before tax	1,924	4,023
Adjustments for non-cash items	3,995	1,983
Operating profit before working capital changes	5,919	6,006
Net change in current assets	(8,384)	(6,919)
Net change in current liabilities	6,132	3,494
Cash generated from operating activities	3,667	2,581
Tax paid	(632)	604
Net cash from operating activities	3,035	3,185
Cash flows from investing activities		
Interest received	32	92
Purchase of property, plant and equipment	(146)	(111)
Placement of investment	(49)	692
Net cash (used in)/from investing activities	(163)	673
Cash flows from financing activities		
Interest paid	(124)	(139)
Repayment of obligation under lease liabilities	(144)	(151)
Repayment of term loans	(285)	(232)
Net cash used in financing activities	(553)	(522)
Net increase in cash and cash equivalents	2,319	3,336
Effect of exchange rate changes	(115)	(11)
Cash and cash equivalents at beginning of year	12,474	9,316
Cash and cash equivalents at end of year	14,678	12,641

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

	3 months ended	
	30.12.2020 RM'000	31.12.2019 RM'000
Cash and bank balances	15,178	13,141
Less: Fixed deposits pledged with licensed banks	(500)	(500)
	14,678	12,641

The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 30 September 2020 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 2020. 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 2020.

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 2020. 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 2020.

The initial application of the new standards, amendments and interpretation are not expected to have any financial impacts to the financial statements.

Adoption of Amendments/Improvements to MFRSs

Amendments to MFRS and IC Interpretation effective 1 January 2020

Amendments to MFRS 3 Business Combinations - Definition of Business

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimate and Errors - Definition of Materials

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instrument Recognition and Measurement and MFRS 7 Financial Instruments : Disclose Interest Rate Benchmark Reform

Amendments to References to Conceptual Framework on MFRS Standards

Amendments to MFRSs - effective 1 June 2020

Amendments to MFRS 16 Leases Covid-19- Related Rent Concessions

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 MFRSs - effective 1 January 2022

Amendments to MFRS 3 Business Combinations - Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contract-Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018-2020

Amendments to MFRSs - effective 1 January 2023

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

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 2020 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 and 2nd quarter of our financial year (i.e., that is October 2020 to March 2021) before school term reopened in January 2021. The revenue cycle is expected to drop and coupled with higher goods returns in 3rd and 4th quarters of the financial year.

The revenue starts picking up in the 1st quarter of our next financial year and the momentum is carried forward to the 2nd quarter 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")

Year-to-date 31 December 2020, a total of 4,131,000 employee share options lapsed.

8. Dividends

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

9. Segment information

	Individual Quarter		Financial year ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Segment Revenue				
<u>Revenue</u>				
Publishing	18,553	18,619	18,553	18,619
Printing	2,802	3,492	2,802	3,492
Education	113	206	113	206
Others	1,775	780	1,775	780
Total revenue including inter segment sales	23,243	23,097	23,243	23,097
Elimination of inter-segment sales	(4,236)	(2,874)	(4,236)	(2,874)
Total revenue	19,007	20,223	19,007	20,223
<u>Segment Results</u>				
Publishing	1,528	3,696	1,528	3,696
Printing	66	243	66	243
Education	(6)	37	(6)	37
Others	455	159	455	159
Total operating profit	2,043	4,135	2,043	4,135



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

Malaysian government has again imposed the Recovery Movement Control Order (RMCO), Conditional Movement Control Order (CMCO) and Movement Control Order (MCO) for selected states which are severely affected by Covid-19 novel coronavirus on 11 January 2021. Besides, the Malaysia King declared state of emergency for the country from 12 January 2021 to 1 August 2021 to curb the spread of Covid-19.

In Thailand, partial lockdown that began from 26 March 2020 was extended to 28 February 2021. In Indonesia, partial lockdown (PSBB) was imposed from 11 January 2020 to 22 February 2021.

The restriction imposed has impacted the Group's financial performance, although our businesses were allowed to operate during the MCO/CMCO/RMCO/partial lockdown under strict guidelines set by National Security Council, Ministry of Health and Ministry of International Trade and Industry.

However, the Group's business are also rely on the decision made by Ministry of Education on the school closure due to Covid-19 pandemic and school re-opening date.

The National Covid-19 Immunisation Programme started on 24 February 2021 in an orderly manner, to curb and end the Covid-19 pandemic. As at the date of authorisation of the financial statements, the Covid-19 pandemic situation is still evolving and uncertain. The Group will continue to monitor and manage its funds, to minimise any impact arising from the pandemic.

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 30 September 2020.

15. Significant related party transactions

The following are significant related party transactions:

	Individual Quarter		Financial year ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 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 2021 vs YTD Q1 2020)

Publishing Segment

Publishing Segment generated revenue of RM18.55 million for the current period ended 31 December 2020, as compared to RM18.62 million for the comparative period ended 31 December 2019, an decrease of RM0.07 million.

The decrease in revenue was due to the closure of schools in Malaysia from November 2020 onwards and the delay in school opening date to 20 January 2021. As a result, academic sales orders have been cancelled or delayed to quarter 2.

Publishing Segment recorded an operating profit of RM1.52 million in the current period, as compared to operating profit of RM3.70 million in the comparative period, a decrease of RM2.18 million in total. The lower operating profit was mainly due to additional off-season stocks written down of RM1.00 million and with additional provision for impairment loss on trade receivables of RM2.43 million (calculated based on MFRS 9, expected credit loss assessment).

Printing Segment

Printing Segment generated revenue of RM2.80 million for the current period ended 31 December 2020 as compared to RM3.49 million for the comparative period ended 31 December 2019, a decrease of RM0.69 million.

As an effect of digitalisation, lesser pre-printed forms are required in the market today, and the reduction in the number of publication, resulting in lesser revenue for Printing segment for this quarter.

Printing segment recorded a lower operating profit of RM0.07 million in the current period, as compared to operating profit of RM0.24 million in the comparative period.

Education Segment

The Education Segment generated revenue of RM0.11 million in the current period ended 31 December 2020, as compared to RM0.21 million in the comparative period ended 31 December 2019. The revenue decreased by half due to lesser tuition and day care fee collected in November 2020 and schools holidays in December 2020.

Revenue for Education segment is expected to improve in the next quarter, after all schools reopen in mid January 2021 and Movement Control Order (MCO) in Malaysia ends.

Other Segment

The Other Segment generated revenue of RM1.78 million in the current period as compared to RM0.78 million for the comparative period ended 31 December 2020 with a increase of RM1.00 million. The increase was from Praxis Publishing Singapore Pte. Ltd. (PPSPL) that sold all its existing titles to Penerbitan Pelangi Sdn Bhd (PPSB).

The Other Segment recorded an operating profit of RM0.46 million in the current period, as compared to operating profit of RM0.16 million in the comparative period, a increase of RM0.30 million. The increase are mainly from marginal gain of the selling of all inventory by PPSPL.

The Other Segment includes rental and other investment income.

17. Comparison of current quarter with preceding quarter results (Q1 2021 vs Q4 2020)

The Group reported profit before tax of RM1.92 million for the current quarter ended 31 December 2020 as compared to the loss before tax of RM0.41 million in the preceding quarter ended 30 September 2020. 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

Education remains the Group's key development area in the long run. In the face of the Covid-19 pandemic, with public health being placed as the utmost priority, retail businesses and schools are operating under strict rules. Public examinations, such as Ujian Pencapaian Sekolah Rendah (UPSR) and Pentaksiran Tingkatan Tiga (PT3) in Malaysia, are at risk of being cancelled or postponed. As countries begin to restart economies, cautious consumer spending and social distancing are expected to continue for the coming months, and new normal consumer behaviour might change lifestyles and modus operandi thereafter. Pelangi Publishing Group strives to be ready for this change.

Many countries especially Malaysia, Thailand and Indonesia as the Group operating offices are located, are in the recovery stage of the COVID-19 pandemic and remain extremely cautious of a possible second wave of the pandemic outbreak. Despite the digital solutions that the Group offered to students, parents and teachers during the movement control order and extension period, the Group remains focus on its core business in publishing segment. The Group's sales are expected to slow down in quarter 1 and pick up again, as schools in Malaysia reopen in mid January 2021, later than the past school years.

The Group believes that blended learning with both physical and digital materials will emerge as the preferred classroom learning method in the foreseeable future. We recognise the growing importance of remote learning, while also acknowledge the challenges educators face when they conduct classes remotely, such as internet connectivity, shortage of devices and lesson interruptions. We aim to help teachers and parents to educate their children effectively under this challenging environment, by providing educational content in various digital formats and trainings. Following the rollout of Covid-19 vaccination, lessons might be conducted in physical classrooms soon, with blended learning available as an option for educators and students. We will closely monitor the latest market direction and believe the Group's product offerings are suitable for both online classrooms and physical classrooms.

Retail sales historically contributed a significant portion of the Group's total revenue. Low footfall into retail stores will negatively impact the Group's revenue in coming months, while the pandemic has sped up the Group's development in digital marketing and involvement in online stores, through our own online bookstore Pelangibooks.com. More attention will also be placed in developing potential sales channels such as convenient stores, supermarkets and neighborhood chain stores, on top of the online sales channels.

Leveraging on the Group's strong content bank, experienced editorial teams and household brand name, the Group will adapt to market needs in rolling out suitable products, that are also affordable and practical for education purpose at the same time. Digital learning products will become the Group's focal point in product development in coming months.

Adapting into the new market environment during this current down cycle, changes in business models and organisation restructuring will become inevitable. The Group believes our organisation agility in adapting to changes, coupled with cost control measurements, will help the Group continue to grow as the preferred education service provider in ASEAN in the long run.

19. Profit forecast and profit guarantee

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

20. Taxation

	Individual Quarter		Financial year ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Income tax:				
Malaysian	(1,836)	(2,223)	(1,836)	(2,223)
Overseas	(35)	-	(35)	-
Deferred tax:				
Malaysian	1,104	1,102	1,104	1,102
Overseas	(424)	(153)	(424)	(153)
Total tax expenses	<u>(1,191)</u>	<u>(1,274)</u>	<u>(1,191)</u>	<u>(1,274)</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

	Secured RM'000	As at 31.12.2020 Unsecured RM'000	Total RM'000
Short term	1,547	-	1,547
Long term	9,588	-	9,588
	<u>11,135</u>	<u>-</u>	<u>11,135</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

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.

	Individual Quarter		Financial year ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Net profit for the year (RM'000)	<u>845</u>	<u>2,674</u>	<u>845</u>	<u>2,674</u>
Weighted average number of ordinary shares in issue ('000)	<u>96,598</u>	<u>96,598</u>	<u>96,598</u>	<u>96,598</u>
Earnings per share (Sen)	<u>0.87</u>	<u>2.77</u>	<u>0.87</u>	<u>2.77</u>

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 (loss)/profit before tax:

	Individual Quarter		Financial year ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
a) Interest income	(32)	(92)	(32)	(92)
b) Other income	(1,043)	(195)	(1,043)	(195)
c) Interest expense	124	139	124	139
d) Depreciation and amortisation	761	730	761	730
e) Provision for and write off receivables	2,733	304	2,733	304
f) Provision for and write off of inventories	2,795	1,771	2,795	1,771
g) Gain on foreign exchange	(246)	(84)	(246)	(84)
h) Reversal of impairment loss on receivables	<u>(1,928)</u>	<u>(841)</u>	<u>(1,928)</u>	<u>(841)</u>

26. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors as per Board Meeting held on 26 February 2021.