



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2021**  
(The figures have not been audited)

	CURRENT 3 months ended		YEAR TO DATE 6 months ended	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Revenue	21,965	21,985	40,972	42,208
Cost of sales	(13,096)	(14,646)	(25,119)	(26,038)
Gross profit	8,869	7,339	15,853	16,170
Other income	204	50	1,247	245
Net of allowance for expected credit losses on financial assets	404	491	(401)	1,028
Administrative expenses	(2,637)	(4,467)	(6,100)	(7,808)
Selling expenses	(1,045)	(1,641)	(2,174)	(3,188)
Other expenses	(682)	(589)	(1,269)	(1,129)
Operating profit	5,113	1,183	7,156	5,318
Finance costs	(93)	(130)	(216)	(269)
Finance income	30	-	62	92
Share of profit/(loss) of equity-accounted associate	19	58	(8)	(7)
Profit before tax	5,069	1,111	6,994	5,134
Tax expenses	(2,707)	(435)	(3,899)	(1,709)
<b>Profit for the period</b>	<b>2,362</b>	<b>676</b>	<b>3,095</b>	<b>3,425</b>
Other comprehensive income: <i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation	(160)	612	(161)	592
Total comprehensive income for the period	2,202	1,288	2,934	4,017
Profit attributable to:				
<b>Owners of the Company</b>	<b>2,071</b>	<b>601</b>	<b>2,916</b>	<b>3,275</b>
Non-controlling interests	291	75	179	150
	2,362	676	3,095	3,425
Other comprehensive income attributable to:				
<b>Owners of the Company</b>	<b>1,930</b>	<b>1,265</b>	<b>2,746</b>	<b>3,854</b>
Non-controlling interests	272	23	188	163
	2,202	1,288	2,934	4,017
<b>Earning per share attributable to owners of the Company:</b>				
Basic (Sen)	2.14	0.62	3.02	3.39

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 MARCH 2021**  
(The figures have not been audited)

	<b>As at 31.03.2021 RM'000</b>	<b>As at 30.09.2020 RM'000 (Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	49,027	48,800
Right-of-use assets	1,682	3,211
Investment properties	4,762	4,762
Investment in associates	1,159	1,161
Other investments	1	1
Intangible assets	47	-
Deferred tax assets	9,808	9,344
	<b>66,486</b>	<b>67,279</b>
<b>Current assets</b>		
Inventories	33,764	36,659
Trade receivables	24,268	12,418
Other receivables	853	952
Prepayment	2,224	1,568
Tax recoverable	2,445	1,813
Short-term investment	580	178
Cash and bank balances	17,048	12,974
	<b>81,182</b>	<b>66,562</b>
<b>TOTAL ASSETS</b>	<b>147,668</b>	<b>133,841</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Short-term borrowings	1,529	1,628
Trade payables	8,136	6,067
Other payables	24,497	18,059
Tax payable	3,820	311
	<b>37,982</b>	<b>26,065</b>
<b>Non-current liabilities</b>		
Long-term borrowings	9,186	9,935
Employees' benefits	436	486
Deferred tax liabilities	2,864	2,800
	<b>12,486</b>	<b>13,221</b>
<b>Total liabilities</b>	<b>50,468</b>	<b>39,286</b>
<b>Equity attributable to owners of the parent</b>		
Share capital	50,025	50,025
Treasury shares	(1,508)	(1,508)
Foreign exchange reserve	1,522	1,692
Employee share option reserve	-	289
Retained earnings	46,018	43,102
	<b>96,057</b>	<b>93,600</b>
Non-controlling interests	1,143	955
<b>Total equity</b>	<b>97,200</b>	<b>94,555</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>147,668</b>	<b>133,841</b>
Net assets per share attributable to owners of the parent (RM)	0.9944	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 MARCH 2021**  
(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
<b>At 1 October 2020</b>	50,025	(1,508)	1,692	289	43,102	93,600	955	94,555
Total comprehensive income	-	-	(170)	-	2,916	2,746	188	2,934
Employee share option forfeited	-	-	-	(289)	-	(289)	-	(289)
<b>At 31 March 2021</b>	<b>50,025</b>	<b>(1,508)</b>	<b>1,522</b>	<b>-</b>	<b>46,018</b>	<b>96,057</b>	<b>1,143</b>	<b>97,200</b>
<b>At 1 October 2019</b>	50,025	(1,508)	1,588	303	46,792	97,200	943	98,143
Effects of MFRS 16	-	-	-	-	(2)	(2)	-	(2)
Total comprehensive income	-	-	579	-	3,275	3,854	163	4,017
Employee share options granted	-	-	-	(11)	-	(11)	-	(11)
<b>At 31 March 2020</b>	<b>50,025</b>	<b>(1,508)</b>	<b>2,167</b>	<b>292</b>	<b>50,065</b>	<b>101,041</b>	<b>1,106</b>	<b>102,147</b>

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 MARCH 2021**  
(The figures have not been audited)

	6 months ended	
	31.03.2021 RM'000	31.03.2020 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	6,994	5,134
Adjustments for non-cash items	5,811	5,601
<b>Operating profit before working capital changes</b>	12,805	10,735
Net change in current assets	(13,801)	(10,334)
Net change in current liabilities	8,458	4,499
<b>Cash generated from operating activities</b>	7,462	4,900
Tax paid	(1,421)	(500)
<b>Net cash from operating activities</b>	6,041	4,400
<b>Cash flows from investing activities</b>		
Interest received	62	92
Proceeds from disposal of property, plant and equipment	-	1
Purchase of property, plant and equipment	(261)	(464)
Placement of investment	(450)	(1,488)
<b>Net cash used in investing activities</b>	(649)	(1,859)
<b>Cash flows from financing activities</b>		
Interest paid	(216)	(269)
Repayment of obligation under lease liabilities	(303)	(868)
Repayment of term loans	(546)	(471)
<b>Net cash used in financing activities</b>	(1,065)	(1,608)
<b>Net increase in cash and cash equivalents</b>	4,327	933
<b>Effect of exchange rate changes</b>	(253)	903
<b>Cash and cash equivalents at beginning of year</b>	12,474	9,316
<b>Cash and cash equivalents at end of year</b>	16,548	11,152

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

	6 months ended	
	31.03.2021 RM'000	31.03.2020 RM'000
Cash and bank balances	17,048	11,652
Less: Fixed deposits pledged with licensed banks	(500)	(500)
	16,548	11,152

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 Estimates 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 2021

Amendments to MFRS 9, MFRS139, MFRS7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform -Phase 2

##### Amendments to MFRSs - effective 1 April 2021

Amendments to MFRS 16 Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

##### Amendments to MFRSs - effective for financial period beginning on or after 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

##### MFRS and Amendments to MFRSs - effective 1 January 2023

MFRS 17 Insurance Contracts  
Amendments to MFRS 17 Insurance Contracts  
Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current  
Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies  
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

##### 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 March 2021, 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	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
<u>Revenue</u>				
Publishing	19,776	21,443	38,329	40,062
Printing	2,741	2,282	5,543	5,774
Education	94	152	207	358
Others	1,232	873	3,007	1,653
Total revenue including inter segment sales	23,843	24,750	47,086	47,847
Elimination of inter-segment sales	(1,878)	(2,765)	(6,114)	(5,639)
Total revenue	21,965	21,985	40,972	42,208
<u>Segment Results</u>				
Publishing	4,695	974	6,223	4,670
Printing	(245)	(130)	(179)	113
Education	(22)	(10)	(28)	27
Others	685	349	1,140	508
Total operating profit	5,113	1,183	7,156	5,318



**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, the emergency decree extend to 31 May 2021 and strict COVID-19 control measures for high risk areas and provinces. In Indonesia, Pembatasan Pergerakan Kegiatan Masyarakatpartial lockdown (PPKM) with travel band to hometown was extended to 24 May 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	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	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 2021 vs YTD Q2 2020)**

Publishing Segment

Publishing Segment generated revenue of RM38.33 million for the current period ended 31 March 2021, as compared to RM40.06 million for the comparative period ended 31 March 2020, an decrease of RM1.73 million.

During this quarter, academic open market and general titles revenue increased. Revenue from the Sekolah Jenis Kebangsaan Cina (SJKC) workbooks decreased. Overall gross profit margin improved due to tighter cost control measurement and reduction of print run.

Schools in Malaysia opened on the 20th January 2021, physical classes in schools for primary only started on 1st March 2021 and secondary schools started on 5th April 2021. Hence, some of the academic sales orders have been delayed to Q3.

Publishing Segment recorded a higher operating profit of RM6.22 million in the current period, as compared to operating profit of RM4.67 million in the comparative period, an increase of RM1.55 million in total. The group has a unrealised forex exchange loss of RM1.64 million in YTD Q2 2020, whereas YTD Q2 2021 the group has a unrealised forex exchange gain of RM0.26 million. Hence, together with the cost control measurement implemented, this resulted in a lower administrative expenses this quarter.

Printing Segment

Printing Segment generated revenue of RM5.54 million for the current period ended 31 March 2021 as compared to RM5.77 million for the comparative period ended 31 March 2020, a decrease of RM0.23 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 an operating loss of RM0.18 million in the current period, as compared to operating profit of RM0.11 million in the comparative period.

Education Segment

The Education Segment generated revenue of RM0.21 million in the current period ended 31 March 2021, as compared to RM0.36 million in the comparative period ended 31 March 2020.

Our education centre was not allowed to operate physically due to the changes of MCO regulations and this has affected this segment's financial performance.

Other Segment

The Other Segment generated revenue of RM3.01 million in the current period as compared to RM1.65 million for the comparative period ended 31 March 2021 with a increase of RM1.36 million. The increase was from the revenue generated by E-commerce business via Pelangi Novel Sdn Bhd (PNSB) and Digital contents via Pelangi Epublishing Sdn Bhd (PEPSB).

The Other Segment recorded an operating profit of RM1.14 million in the current period, as compared to operating profit of RM0.51 million in the comparative period, an increase of RM0.63 million. The increase are mainly from marginal gain from the E-contents via Pelangi Epublishing Sdn Bhd.

The Other Segment also includes rental and other investment income.

**17. Comparison of current quarter with preceding quarter results (Q2 2021 vs Q1 2021)**

The Group reported profit before tax of RM5.07 million for the current quarter ended 31 March 2021 as compared to the profit before tax of RM1.92 million in the preceding quarter ended 31 December 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. Many countries especially 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 third wave of the pandemic outbreak.

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. Ujian Pencapaian Sekolah Rendah (UPSR) and Pentaksiran Tingkatan Tiga (PT3) have been cancelled this year by the Minister of Education Malaysia. The Group remains focus on its core business in publishing segment and expect sales to pick up again in Q4. 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 and developing potential sales channels such as convenient stores, hypermarkets and neighborhood chain stores, on top of the online sales channels.

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.

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 issue any profit guarantee during the current quarter under review.

#### 20. Taxation

	Individual Quarter		Financial year ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Malaysian	(2,036)	(542)	(3,873)	(2,765)
Overseas	(390)	(472)	(425)	(472)
Deferred tax:				
Malaysian	(95)	574	1,009	1,676
Overseas	(186)	5	(610)	(148)
Total tax expenses	<u>(2,707)</u>	<u>(435)</u>	<u>(3,899)</u>	<u>(1,709)</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

The proposed selective capital reduction (SCR) and repayment exercise has been announced but not completed as at the date of this report.



**22. Borrowings and debt securities**

	As at 31.03.2021		Total RM'000
	Secured RM'000	Unsecured RM'000	
Short term	1,529	-	1,529
Long term	9,186	-	9,186
	<u>10,715</u>	<u>-</u>	<u>10,715</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	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Net profit for the year (RM'000)	<u>2,071</u>	<u>601</u>	<u>2,916</u>	<u>3,275</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>2.14</u>	<u>0.62</u>	<u>3.02</u>	<u>3.39</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 profit before tax:

	Individual Quarter		Financial year ended	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
a) Interest income	(30)	-	(62)	(92)
b) Other income	(204)	(50)	(1,247)	(245)
c) Interest expense	93	130	216	269
d) Depreciation and amortisation	722	621	1,483	1,351
e) Provision for and write off receivables	288	60	3,021	364
f) Provision for and write off of inventories	1,403	860	4,198	2,631
g) Gain on disposal of property, plant and equipment	(2)	(13)	(2)	(13)
h) (Loss)/Gain on foreign exchange	(65)	1,864	(311)	1,780
i) Reversal of impairment loss on receivables	<u>(692)</u>	<u>(551)</u>	<u>(2,620)</u>	<u>(1,392)</u>

**26. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors as per Board Meeting held on 25 May 2021.