Our Vision 2011

" To entrench Pelangi Publishing Group's standing as an internationally acclaimed fully integrated publishing house. "

Pelangi
was awarded
The BrandLaureate-SMEs Chapter Awards 2011
category
Educational Products
Books / Multimedia

Pelangi Publishing Group Bhd. (593649-H)

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Tel: (60)7-331 6288 Fax: (60)7-332 9201 E-mail: pelangi@pelangibooks.com

Sales Office:
Lot 8, Jalan P10/10, Kawasan Perusahaan Bangi, Bandar Baru Bangi, 43650 Bangi,
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Pelangi Publishing Group Bhd. 2011 Annual Report

2011 Annual Report

Teamwork
divides the task
and doubles the success

Pelangi Publishing Group Bhd.
(593649-H)
(Incorporated in Malaysia)

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Contents

Notice Of Annual General Meeting 1

Statement Accompanying Notice Of Annual General Meeting 3

Corporate Information 4

Corporate Structure 5

Chairman's Statement 6

Directors' Profile 7

Statement On Corporate Governance 9

Statement Of Directors' Responsibilities In Relation
To Financial Statements 14

Audit Committee Report 15

Statement On Internal Control 18

Financial Statements 20

List Of Properties 101

Statement Of Shareholdings 105

Form Of Proxy

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of PELANGI PUBLISHING GROUP BHD. will be held at Palm Resort Berhad, Melati Hall, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor on Friday, 23 March 2012 at 11.00 a.m to transact the following businesses:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 September 2011 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of final dividend of 4% less 25% tax for the financial year ended 30 September 2011. RESOLUTION 1

3. To approve the payment of Directors' fees for the financial year ended 30 September 2011. RESOLUTION 2

4. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:
   a) Mr Sum Kown Cheek – Article 123 RESOLUTION 3
   b) Ms Syahriza Binti Senan – Article 123 RESOLUTION 4
   c) Mr Teh Hui Guan – Article 128 RESOLUTION 5

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration. RESOLUTION 6

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following Resolutions:

ORDINARY RESOLUTION 1
AUTHORITY TO ALLOT SHARES – SECTION 132D

"**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." RESOLUTION 7

ORDINARY RESOLUTION 2
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed RSM")

"**THAT** approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties mentioned under section 2.1.2 of the Circular to Shareholders dated 29 February 2012 which are necessary in the course of business of the Company and/or its subsidiaries for day-to-day operations and on normal commercial terms which are not more favorable to the related parties than those available to the public and not detrimental to the minority shareholders of the Company and such approval shall continue to be in force until:- RESOLUTION 8

(a) the conclusion of the next AGM of the Company following the forthcoming AGM at which such Proposed Renewel of The Existing Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature was passed, at which time will lapse, unless by ordinary resolution passed at an AGM whereby the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965, ("Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier,

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

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7. To transact any other business of which due notice has been given.

NOTICE OF DIVIDEND ENTITLEMENT
FINAL DIVIDEND OF 4% LESS 25% TAX

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Tenth Annual General Meeting, the Final Dividend of 4% less 25% tax in respect of the financial year ended 30 September 2011 will be payable on 30 April 2012 to Depositors registered in the Record of Depositors at the close of business on 17 April 2012.

A Depositor shall qualify for entitlement only in respect of: -

a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 17 April 2012 in respect of transfer; and
b) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

CHIN NGEOK MUI (MAICSA NO. 7003178)
LEONG SIEW FOONG (MAICSA NO. 7007572)
HUAN CHUAN SEN @ AH LOY (MACS 01519)
Company Secretaries

Johor Bahru
29 February 2012

NOTES:

a. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and if he is not a Member of the Company, Section 149(1)(b) of the Companies Act, 1965 shall not be applicable.
b. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
c. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
d. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.
e. The instrument appointing the proxy must be deposited at the Company's Registered Office situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

I. Ordinary Resolution 1

The Ordinary Resolution 1, if passed, is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This is a renewal of a general mandate. The Company did not utilise the mandate granted in the preceding year's Annual General Meeting.

The authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting.

The authority will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limiting to further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

II. Ordinary Resolution 2

The Proposed RSM under Ordinary Resolution 2 was intended to renew the shareholders' mandate granted by the shareholders of the Company at an Annual General Meeting of the Company held on 25 March 2011.

The Proposed RSM is to facilitate transactions in the normal course of business of the Company and its subsidiaries ("the Group") which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on terms not more favorable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

By obtaining the shareholders' mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

Further information on Proposed RSM is set out in the Circular to shareholders of the Company which is dispatched together with the Annual Report of the Company for the financial year ended 30 September 2011.

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STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.28(2) of the Bursa Malaysia Securities Berhad Listing Requirements, appended hereunder is:

DETAILS OF INDIVIDUAL WHO IS STANDING FOR ELECTION AS DIRECTOR

TEH HUI GUAN, Malaysia citizen, aged 48, is an **EXECUTIVE DIRECTOR** of the Company. He became a member of the Board Directors on 1 February 2012.

Upon completing his studies in 1980, Mr Teh assisted in the management of his family's business which is involved in trading of sundry products. Mr Teh became involved in the processed paper business when he was subsequently engaged as a sales executive in Springfield Corp. Sdn. Bhd., a paper trading company from 1987 to 1992. He subsequently founded Top Win Enterprise which is also involved in paper trading. Subsequently, in 1994, together with Wang-Zheng Corporation, Mr Teh founded New Top Win Corporation Sdn. Bhd. With his extensive experience in the processed paper business, Mr Teh is the primary force in the transformation of New Top Win Corporation Sdn. Bhd, from a small paper trading company to become one of the top five (5) paper importers, converters and distributors in Malaysia.

He does not have any directorship in other public company, family relationship with any directors and/ or major shareholder of the Company and has no conflict of interest with the Company. He does not have any securities holdings in the Company and subsidiaries.

He has not been convicted of any offences within the past ten years other than traffic offence.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

SUM KOWN CHEEK
(Executive Chairman and Managing Director)
LEE KHENG HON
(Executive Director)
CHUNG SHAN KWANG*
(Executive Director)
VINCENT WONG SOON CHOY
(Independent Non-Executive Director)
SAM YUEN @ SAM CHIN YAN
(Non-Independent Non-Executive Director)
SYAHRIZA BINTI SENAN
(Independent Non-Executive Director)
TEH HUI GUAN**
(Executive Director)
WINSTON PAUL WONG CHI-HUANG***
(Alternate to Vincent Wong Soon Choy)
(Independent Non-Executive Director)

* resigned on 30 January 2012
** appointed on 1 February 2012
*** resigned on 1 April 2011

AUDIT COMMITTEE

VINCENT WONG SOON CHOY
Chairman
SYAHRIZA BINTI SENAN
Member
SAM YUEN @ SAM CHIN YAN
Member

NOMINATION COMMITTEE

VINCENT WONG SOON CHOY
Chairman
SYAHRIZA BINTI SENAN
Member

REMUNERATION COMMITTEE

VINCENT WONG SOON CHOY
Chairman
SYAHRIZA BINTI SENAN
Member
SUM KOWN CHEEK
Member

SECRETARIES

CHIN NGEOK MUI
LEONG SIEW FOONG
HUAN CHUAN SEN @ AH LOY

AUDITORS

ERNST & YOUNG
Chartered Accountants

REGISTERED OFFICE

SUITE 6.1A, LEVEL 6, MENARA PELANGI,
JALAN KUNING,TAMAN PELANGI,
80400 JOHOR BAHRU, JOHOR.
TEL: 07-332 3536
FAX: 07-332 4536

SHARE REGISTRAR

SYMPHONY SHARE REGISTRARS SDN. BHD.
(COMPANY NO: 378993-D)
LEVEL 6, SYMPHONY HOUSE,
PUSAT DAGANGAN DANA,
1, JALAN PJU 1A/46,
47301 PETALING JAYA, SELANGOR.
TEL: 03-7481 8000
FAX: 03-7481 8008

PRINCIPAL BANKERS

PUBLIC BANK BERHAD
MALAYAN BANKING BERHAD

STOCK EXCHANGE

MAIN MARKET OF THE
BURSA MALAYSIA SECURITIES BERHAD
Bursa Stock Code: 7190
WEB SITE: www.ppg.pelangibooks.com

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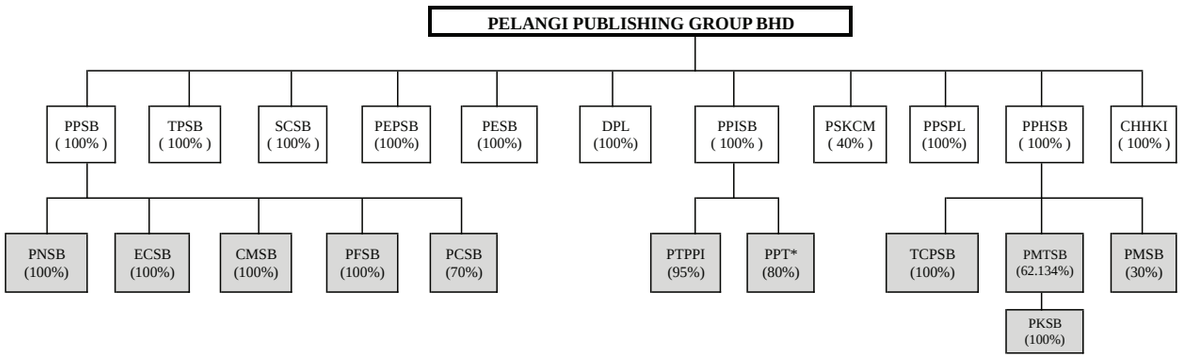
CORPORATE STRUCTURE



Abbreviations

PPSB – Penerbitan Pelangi Sdn Bhd (89120-H)

TPSB – Tunas Pelangi Sdn Bhd (105652-A)

SCSB – Sutera Ceria Sdn Bhd (499589-M)

PEPSB – Pelangi ePublishing Sdn Bhd (939787-V)

PESB – Pelangi Education Sdn Bhd (458162-U)

DPL – Dickens Publishing Ltd (7033325)

PPISB – Pelangi Publishing International Sdn Bhd (517605-P)

PSKCM – Pelangi Smart Kids Culture Media Pte Ltd, Hebei (1300760346725)

PPSPL – Pelengi Publishing Singapore Pte Ltd (201112597C)

PPHSB – Pelangi Publishing Holdings Sdn Bhd (493518-H)

CHHKI – Cai Hong (Hong Kong) Investment Private Limited (1134764)

PNSB – Pelangi Novel Sdn Bhd (379269-A)

ECSB – Elite Corridor Sdn Bhd (431111-V)

CMSB – Comtech Marketing Sdn Bhd (104669-W)

PFSB – Pelangi Formpress Sdn Bhd (172005-U)

PCSB – Pelangi Comics Sdn Bhd (838313-U)

PTPPI – PT Penerbitan Pelangi Indonesia (02.379.621.2-035.000)

PPT – Pelangi Publishing (Thailand) Co Ltd (0108454722327)

TCPSB – The Commercial Press, Sdn Berhad (2390-V)

PMTSB – Pelangi Multimedia Technologies Sdn Bhd (585971-M)

PMSB – Pelangi Multimedia Sdn Bhd (345998-T)

PKSB – Pelangi Kids Sdn Bhd (692155-U)

Remark
* Percentage calculated based on Ordinary Shares Issued.

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CHAIRMAN'S STATEMENT

Dear Shareholders,
On behalf of the Board of Directors, it is with great pleasure that I present to you the performance of Pelangi Publishing Group Bhd ("PPG") for the financial year ended 30 September 2011 (FY2011).

Review of Operations
For PPG, 2011 was a bumpy year due to changes to the school syllabus but I am pleased to report that we were still able to maintain our profitable performance, hence posting an unbroken consecutive year of operating profits not only since being listed on the Bursa Malaysia in 2004 but indeed since the inception of PPG's businesses more than 30 years ago.

PPG reported a consolidated turnover of RM53.1 million for the FY2011 as compared to RM50.6 million for the preceding FY2010. The consolidated turnover showed an increase of RM2.5 million or an improvement of 4.9% for the FY2011. The Group reported a profit after tax of RM3.6 million for the FY2011 as compared to RM3.9 million for the preceding FY2010. The consolidated profit after tax for the FY2011 however showed a drop of RM0.3 million. The reduction in profit after tax in the FY2011 is due mainly to the higher provision for sales return made towards the end of FY2011.

Corporate Development
In June and August 2011, the Group completed the acquisition of Pelangi ePublishing Sdn Bhd and Pelangi Publishing Singapore Pte Ltd respectively. Both acquisitions were in line with the Group's plan to move ahead technologically and reinforce its regional presence, with the latest publishing platform.

Delivering Value to Shareholders
Given our profitable results, the Directors recommend a final dividend of 4% (2 sen) per ordinary share of RM0.50 each less tax 25% amounting to RM1,450,933 in respect of the FY2011. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting. The consistent dividend payout reflects the Board's confidence in the Group's future performance and is in line with the objective to optimise the Group's capital structure and reward shareholders' loyalty.

Despite without a declared dividend policy, the Board will endeavour to maintain dividend payout in the coming years, in tandem with the Group's performance and cash resources. With the changes to the school syllabus, I am confident and optimistic that the Group will continue to build on efforts to capitalise on new growth opportunities and disciplined cash flow management while returning even stronger value to our shareholders.

Corporate Governance
The Board of Directors continued to be guided by the commitment to maintain the public trust given by all stakeholders to ensure the prevalence of a sound governance of policies, practices and internal controls. In addition, the Directors have undergone training sessions with continuing emphasis on good governance, best practices, and updates on relevant compliance rules and regulations.

Corporate Social Responsibility
PPG extends its contributions to the public through its Corporate Social Responsibility Initiative, which is taken up to ensure that the Group continues to embody the principles of corporate social responsibility in order to create sustainable value.

Each year, besides contributing monetary and product donations to charitable and needy organisations, the Group also acts as a sponsor for various educational functions and events.

For the Financial Year 2011, a total worth of RM143,987 was given out, amongst others, to the following recipients:

Community
- The Breast Cancer Support Group, Johor Bahru;
- Yayasan Humanistik Charity Run;
- Malaysia Red Crescent, Johor Bahru Branch;
- Mission Schools for the children of Myanmar refugee parents in Malaysia.

Educational and Academic Support
- Tunas Pelangi UPSR Academic Excellence Award, for selected Year six students who achieved all-As in their preceding year's UPSR examination;
- Majlis Meraikan Pelajar Cemerlang UPSR, PMR, SPM dan STPM, for Tamil students in Negeri Sembilan;
- Chinese Poem Declamation Competition, organised by the National School Headmasters Association for primary and secondary students;
- To selected primary and secondary schools throughout Malaysia in support of their in-house events and activities.

Outlook and Prospects
Regional economic growth is expected to be subdued given the uncertain world financial environment that impact the disposable incomes and dampened the sentiment of the general consumers. Coupled with fluctuations in raw material costs and rising paper prices, PPG's businesses are also expected to be dampened as a result of this combined effect.

Nevertheless, we are cautiously optimistic of the future of our businesses in Malaysia and South East Asia, notably Thailand and Indonesia, which both contribute positively to the Group in FY2011. The Group will also participate actively in the Malaysian Government's policy in changing the medium of instruction for Science and Mathematics.

Acknowledgements
The year under review has been a challenging one and I wish to thank the Board of Directors for its wise counsel and advice in guiding the management through this period. My sincere gratitude and appreciation to our customers and partners for their continued trust and commitment to work with us; to our staff for their professionalism, loyalty and dedication to ensure that we are still relevant in the market and grow our business; and last but not least to our shareholders for their continued support.

Yours sincerely
Sum Kown Cheek
Executive Chairman and Group Managing Director

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DIRECTORS' PROFILE

SUM KOWN CHEEK
Executive Chairman and Managing Director

Sum Kown Cheek, aged 59, Malaysian, was appointed as the Executive Chairman and Managing Director of the Company on 19 December 2003. He is a member of the Remuneration Committee.

Mr. Sum graduated from Universiti Sains Malaysia in 1978 and entered the teaching profession in the same year. In 1993, he left the teaching profession to join Penerbitan Pelangi Sdn Bhd as the Managing Director. Under his guidance, he spearheaded the Company to achieve rapid growth by securing local school textbooks project, expanding its product range by entering into children's books via securing Walt Disney licensee, which subsequently placed Penerbitan Pelangi Sdn Bhd into the international publishing map and a string of prestigious awards within the publishing industry. His regular participation in overseas book fairs and conferences equipped him with fresh ideas that were constantly being injected into publication of quality books. An entrepreneur with more than fifteen (15) years of publishing experience, he has brought the Group to its present success. He oversees all aspects of the Group's operation. He has no directorship in other public listed companies. His spouse Mdm Lai Swee Chiung, is a substantial shareholder of the Company. His elder brother, Mr. Sam Yuen @ Sam Chin Yan, is a Director and substantial shareholder of PPG. Please refer to page 107 of this Annual Report for his securities holding.

LEE KHENG HON
Executive Director

Lee Kheng Hon, aged 67, Malaysian, was appointed as the Executive Director of the Company on 19 December 2003.

Mr. Lee obtained his teaching qualification from the Regional Teacher Training Centre in 1966. He taught at the Petaling Garden Girls School, Selangor in 1967 before moving to teach at Maktab Sultan Abu Bakar, Johor Bahru (formerly known as English College) in 1973. He joined Penerbitan Pelangi Sdn Bhd in 1995 as the Personnel Manager. He is currently overseeing the printing operation of CMSB. He has no directorship in other public listed companies. Please refer to page 107 of this Annual Report for his securities holding.

VINCENT WONG SOON CHOY
Independent Non-Executive Director

Vincent Wong Soon Choy, aged 43, Malaysian, was appointed as an Alternate Director to Winston Paul Wong Chi-Huang of the Company on 10 January 2009. Subsequently, he became an Independent Non-Executive Director on 1 January 2011. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He obtained a Bachelor of Commerce Degree majoring in Accountancy and minor in Internal Audit from Flinders University of South Australia, Adelaide, Australia. He is also a Member of Malaysian Institute of Accountants (MIA) and a member of CPA Australia. He is currently employed as a Group Accountant for Mahabuilders Berhad. Prior to his current employment, he was the Head of Operations in Hwang-DBS Securities Bhd, Group Accountant for a public listed company Kia Lim Berhad, Accountant for Peninsula Securites Sdn Bhd and auditor with Ernst & Young. He has 16 years of working experience with exposures to corporate finance, auditing, compliance, tax planning, group accounts, corporate governance, corporate planning and restructuring. He is currently an independent non-executive director of Plastrade Technology Berhad, a company listed on the ACE Market of Bursa Securities. Please refer to page 107 of this Annual Report for his securities holding.

SAM YUEN @ SAM CHIN YAN
Non-Indepent Non-Executive Director

Sam Yuen @ Sam Chin Yan, aged 61, Malaysian was appointed as Non-Independent Non-Executive Director of the Company on 14 January 2008. He is a member of the Audit Committee.

Mr. Sam Yuen graduated with a Diploma in Commerce from Tunku Abdul Rahman College and also graduated from Institute of Chartered Secretaries & Administrators, UK.

He has been operating a logistic company since 1983. His established international network logistic business is now one of the well known home grown logistic companies. He is a Director and Shareholder of United Logistics Sdn. Bhd.

He is the elder brother of Mr Sum Kown Cheek, the Executive Chairman and Managing Director of the Company. Please refer to page 107 of this Annual Report for his securities holding.

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SYAHRIZA BINTI SENAN
Independent Non-Executive Director

Syahriza Binti Senan, aged 34, Malaysian, was appointed as an Independent Non-executive Director of the Company on 19 December 2003. She is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Cik Syahriza graduated from Monash University, in Melbourne, Australia. She holds a CPA-MBA and a Bachelor of Business (Accounting). She is also a member of Certified Practising Accountants (CPA) of CPA Australia.

Prior to joining Prudential, Syahriza was attached to American International Assurance, Malaysia Mining Corporation and a local audit firm, Khairuddin, Hasyudeen & Razi (KHR). She has seven years of working experience with exposures to internal audit, risk management, finance, compliance as well as corporate planning and restructuring. She has no directorship in other public listed companies. Please refer to page 107 of this Annual Report for her securities holding.

TEH HUI GUAN
Executive Director

Teh Hui Guan, aged 48, Malaysian was appointed as an Executive Director of the Company on 1 February 2012.

Upon completing his studies in 1980, Mr Teh assisted in the management of his family's business which is involved in trading of sundry products. Mr Teh became involved in the processed paper business when he was subsequently engaged as a sales executive in Springfield Corp. Sdn. Bhd., a paper trading company from 1987 to 1992. He subsequently founded Top Win Enterprise which is also involved in paper trading. Subsequently, in 1994, together with Wang-Zheng Corporation, Mr Teh founded New Top Win Corporation Sdn. Bhd. With his extensive experience in the processed paper business, Mr Teh is the primary force in the transformation of New Top Win Corporation Sdn. Bhd, from a small paper trading company to become one of the top five (5) paper importers, converters and distributors in Malaysia.

He does not have any directorship in other public company, family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company. Please refer to page 107 of this Annual Report for his securities holding.

Other information
Except as disclosed above, none of the Directors has any family relationship with and Directors and/or substantial shareholders of the Company.

Conflict of Interest
None of the Directors has any conflict of interest with the Company.

Conviction for offences
None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences.

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STATEMENT ON CORPORATE GOVERNANCE

POLICY ON CORPORATE GOVERNANCE OF PELANGI PUBLISHING GROUP BHD

The Board of Directors ("the Board") of Pelangi Publishing Group Bhd ("PPG") remains committed to ensure that the highest standards of corporate governance are practised throughout PPG and its subsidiary companies ("the Group"). It continues to be fully accountable to the shareholders and stakeholders, and will be bound to continually enhance the level of corporate governance in the management of the Group's business, its financial performance for the achievement of business profitability, preservation of long term shareholder value and the protection of shareholders' interests, without failing to take into account the interests of other stakeholders.

Notwithstanding the Group's structure, policies, procedures and practices that are set, PPG is still open to be reviewed for enhancement and improvement. The ultimate aim of the Board is to secure all principles and objectives to ensure transparency of management to parties who have interest in the Group.

The Board also maintains a strong leadership in the organisation to ensure efficiency, integrity, honesty and responsibility for the ethical management of the Group and the maintenance of good corporate values.

PRINCIPLE STATEMENT

The Board is pleased to report to the shareholders that the Group has applied the Principles of Corporate Governance and Best Practices contained in the Malaysian Code on Corporate Governance. The manner and extent of compliance are stated as follows:-

SECTION 1: THE BOARD OF DIRECTORS

Composition of the Board

As at the date of this Annual Report, the Board consists of six (6) members comprising one (1) Executive Chairman, two (2) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

PPG is in compliance with the Main Market Listing Requirements of Bursa Securities which require that at least two (2) directors or one-third (1/3) of the total number of Directors, whichever is higher, to be Independent Directors.

The Company recognises the contribution of Non-Executive Directors as equal Board members to the development of the Group's strategy as well as their role in representing the interests of public shareholders and providing a balanced and independent view to the Board. No individual or group of individuals dominates the Board's decision making and the number of directors reflects fairly the interest of the shareholders. The profile of the Board members is set out on pages 7 to 8 of the Annual Report.

Board Balance and Board Effectiveness

All Board members are individuals of calibre and credibility. The composition of the Board not only reflects the broad range of experience, skills and knowledge required to successfully direct and supervise the Group's business activities, but also the importance of independence in decision-making at the Board level.

There is also a balance in the Board because of the presence of Independent Non-Executive Directors. These Independent Non-Executive Directors are independent of the management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. They have the capability to ensure that the strategies proposed by the Management are fully deliberated and examined in the long-term interest of the Group, as well as the shareholders, employees, customers, suppliers and the many communities in which the Group conducts its businesses.

The Nomination Committee constantly reviews the core competencies and experience of the Directors in order to enhance the Directors' participation in the Board to suit the ever-changing standards of corporate governance.

Supply of Information

The Directors are provided with an agenda and a compilation of Board papers prior to the due date of each Board Meeting.

At every Board Meeting and at any time at all, members of the senior management make themselves available to brief the Board on any specific matter essentially to assist the Directors in undertaking their duties for the Group.

All Directors have full and unrestricted access to all information of the Group, and to the advice and services of the Company Secretary who is responsible for ensuring that Board Meeting procedures are adhered to and that applicable rules and regulations are complied with. The Board assumes full responsibility in ensuring that the appointed Company Secretary is capable in discharging its duties.

The Board has the liberty to seek external independent professional advice if so required.

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Board Meetings

The Board met five (5) times during the financial year 2011 during where it reviewed and approved various issues including the quarterly financial results of the Group for announcement to Bursa Securities, corporate announcements of the Group's business plan and strategy, and also the performance of the Group. The Board also reviewed the adequacy of the Group's internal control system.

Additional Board Meetings are held as and when required. When it is not possible to hold any meeting, a circular resolution will be passed by the Board. As at to date, all Directors have complied with the requirements in respect of Board Meeting attendance in accordance with the provision of PPG's Articles of Association. Details of the attendance of each Director at the Board Meetings held during the financial year 2011 are set out below:

Directors	Attendance
Sum Kown Cheek	5/5
Lee Kheng Hon	5/5
Chung Shan Kwang [(a)]	3/5
Teh Hui Guan [(b)]	N/A
Vincent Wong Soon Choy	4/4
Sam Yuen @ Sam Chin Yan	4/5
Syahriza Binti Senan	5/5
Winston Paul Wong Chi-Huang [(c)]	1/1

Note:
(a) Mr Chung Shan Kwang resigned on 30 January 2012.
(b) Mr Teh Hui Guan appointed on 1 February 2012.
(c) Mr Winston Paul Wong Chi-Huang resigned on 1 April 2011.

Appointments of the Board and Re-election

Nomination Committee

The Board has established a Nomination Committee which is responsible for recommending and nominating new Directors for appointment by the Board.

The Nomination Committee comprises two (2) Independent Non-Executive Directors. The members are as follow:

Members of The Nomination Committee as at Year 2011

	Name of Member	**Directorship**
Chairman	Vincent Wong Soon Choy	Independent Non-Executive Director
Member	Syahriza Binti Senan	Independent Non-Executive Director

The Nomination Committee was formed on 18 August 2004. The Nomination Committee should meet not less than once a year. There was one (1) meeting held during the financial year, which was attended by all the committee members as mentioned below:-

Chairman	**Attendance**
Vincent Wong Soon Choy	1/1
Member	
Syahriza Binti Senan	1/1

The primary objectives of the Nomination Committee are to ensure that the Directors bring characteristics to the Board, which provide a required mix of responsibilities, skills and experience. The Nomination Committee will also assist the Board in reviewing on an annual basis the appropriate balance and size of Non-Executive participation. The Nomination Committee will also establish procedures and processes for the annual assessment of the effectiveness of the Board as a whole, the Committee of the Board and contribution of each individual Director.

The Committee has full and unrestricted access to the Company's records, properties and personnel. The Nomination Committee may use the services of professional recruitment firms to source for the right candidate for the Directorship.

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The PPG's Articles of Association require all Directors to retire from office at least once in three (3) years and the retiring Directors are eligible for re-election at the Annual General Meeting. Directors who are appointed by the Board during the year are subject to re-election at the next Annual General Meeting following their appointments.

To assist shareholders in their decision, details of the Directors seeking for re-election at the forthcoming Annual General Meeting are disclosed in page 1 of this Annual Report and the Directors' profiles are disclosed separately on pages 7 to 8 of this Annual Report.

Directors' Training

The Group acknowledges the fact that continuous education is vital for the Board members to gain insight into the state of economy, technological advances in our core business, latest regulatory developments and management strategies. Therefore, the Directors are encouraged to evaluate their own training needs on a continuous process and to determine the relevant programmes, seminars and briefings that would enhance their knowledge to enable the Directors to discharge their responsibilities more effectively.

As at the date of this Annual Report, the training programmes and seminars attended by the Directors are as follow:

Directors	Training Programmes
Sum Kown Cheek	– The Expanded Governance Role of the Audit Committee and the Recent Changes to the Financial Reporting Standards
Lee Kheng Hon	– The Expanded Governance Role of the Audit Committee and the Recent Changes to the Financial Reporting Standards
Vincent Wong Soon Choy	– 2011 Budget and Tax Planning – The Expanded Governance Role of the Audit Committee and the Recent Changes to the Financial Reporting Standards – Budget 2012 Proposals and Recent Developments
Syahriza Binti Senan	– 2011 Anti Money Laundering/Countering Financial Terrorism – Garis Panduan Akta Persaingan 2010 – Personal Data Protection Roundtable and Workshop

Relationship of the Board to Management

Many of the responsibilities of the Board are delegated to the management. Independence from the management of the Group is a key principle to the effective functioning of the Board. The Chairman of the Board is responsible for overall management of Board activities and ensuring that the Board discharges its previously defined responsibilities.

The roles of Chairman and Managing Director are currently held by Mr Sum Kown Cheek. The Board considers this combined position to be in the best interests of the Group in view of Mr Sum's entrepreneurship, business acumen and vast experience in the publishing industry.

SECTION 2: DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

The Board has established a Remuneration Committee which is responsible to review and recommend to the Board on the remuneration of the Executive Directors, according to the level of performance of the Executive Directors.

The remuneration of Executive Directors has been structured based on two important factors, i.e. the individual and Group performance. The Remuneration Committee as a whole determines the remuneration package of the Executive and Non-Executive Directors. The individual themselves abstain from discussion of their own remuneration.

The Remuneration Committee comprises of two (2) Independent Non-Executive Directors and one (1) Executive Chairman cum Managing Director. The members are as follow:

Members of the Remuneration Committee as at Year 2011

	Name of Member	Directorship
Chairman	Vincent Wong Soon Choy	Independent Non-Executive Director
Members	Syahriza Binti Senan	Independent Non-Executive Director
	Sum Kown Cheek	Executive Chairman and Managing Director

PPGB Annual Rpt 2011.indd 11 2/17/12 12:48 PM

The Remuneration Committee was formed on 24 May 2004. The Remuneration Committee should meet not less than once a year. There were two (2) meetings held during the financial year, which were attended by all the members as mentioned below:-

Chairman	**Attendance**
Vincent Wong Soon Choy	2/2
Members	
Syahriza Binti Senan	2/2
Sum Kown Cheek	2/2

The Committee has full and unrestricted access to the Company's records, properties and personnel.

Directors' Remuneration

The details of the total remuneration accrued for the Directors of the Company during the financial year 2011 are as disclosed in Note 9 to the financial statements.

SECTION 3: SHAREHOLDERS

Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with shareholders. The shareholders are encouraged to participate in the question and answer session. Notice of the Annual General Meeting and Annual Reports are sent out to shareholders at least 21 days before the date of the meeting.

Besides the usual agenda for the Annual General Meeting, the Board provided opportunities for the shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to provide response to the questions raised by the shareholders during the meeting.

For re-election of Directors, the Board ensures that all relevant information regarding Directors who are retiring and who are willing to serve if re-elected is disclosed through the notice of meetings.

Items of special business included in the notice of the meeting will be accompanied by an explanatory statement to facilitate a full understanding and evaluation of the issues involved.

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible to ensure that the financial statements are prepared in accordance with the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

In preparing the annual financial statements and quarterly announcements to shareholders, the Board has:

- Ensured that all applicable accounting standards and the Listing Requirements of Bursa Securities have been applied and followed consistently;
- Made reasonable and prudent judgements and estimates; and
- Prepared financial statements on the going concern basis, having made adequate resources to continue its operations for the foreseeable future.

The Audit Committee assists the Board in scrutinising the financial reports to ensure accuracy, completeness and adequacy of information before recommending to the Board for adoption.

The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out on page 25 of this Annual Report.

Internal Control

The Board maintains a sound internal control framework to safeguard the shareholders' investment in the Group. The Statement on Internal Control furnished on page 18 of this Annual Report provides an overview of the state of internal control within the Group.

RELATIONSHIP WITH AUDITORS

With the Internal Audit

The Group has outsourced the internal audit function to an independent service provider. The Group's Internal Audit performs its functions with impartiality, proficiency and due professional care. It undertakes regular monitoring of the Group's key controls and procedures, which is an integral part of the Group's system of internal control.

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Draft audit reports prepared by the Internal Audit are first circulated to the management i.e. the heads of departments for deliberation before necessary corrective actions are adopted by the management.

The Audit Committee is briefed on the findings raised by the Internal Audit.

With the External Auditors

The Group through the Audit Committee has established a transparent and good working relationship with its External Auditors. The External Auditors, Messrs Ernst & Young, have continued to highlight to the Group their key findings and matters that require the Committee's attention with respect to each year's audit on the satutory financial statement. The role of the Audit Committee in relation to the external auditors is outlined in the Audit Committee Report set out on pages 15 to 17 of this Annual Report.

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

(a) Utilisation of Proceeds
No proceeds was raised by the Company from any corporate exercise during the financial year.

(b) Share Buybacks
During the financial year, the Company bought back 1,803,700 shares from the open market as follows:-

Date of Purchase	No. of shares	Purchase price per share			Total Consideration (RM) *
		Highest	Lowest	Average	
5 January 2011	9,800	0.440	0.435	0.438	4,268
6 January 2011	76,100	0.450	0.445	0.448	34,116
7 January 2011	10,000	0.450	0.450	0.450	4,500
12 January 2011	6,600	0.450	0.450	0.450	2,970
13 January 2011	22,200	0.470	0.450	0.460	10,410
14 January 2011	50,000	0.450	0.450	0.450	22,500
18 January 2011	11,000	0.450	0.450	0.450	4,950
21 January 2011	350,000	0.450	0.450	0.450	157,500
11 February 2011	50,000	0.440	0.440	0.440	22,000
16 February 2011	400,000	0.450	0.450	0.450	180,000
17 February 2011	425,000	0.450	0.450	0.450	191,250
18 February 2011	393,000	0.450	0.450	0.450	176,850
Total	1,803,700	0.450	0.448	0.449	811,314

All the shares purchased by the Company were retained as treasury shares. Save as above, there were no treasury shares resold or cancelled during the financial year. As at 30 September 2011, a total of 3,271,100 ordinary shares were held as treasury shares.

(c) Options, Warrants or Convertible Securities
The Company did not issue any options, warrants or convertible securities during the financial year.

(d) Depository Receipt Programme
During the financial year, the Company did not sponsor any Depository Receipt Programme.

(e) Imposition of Sanctions and Penalties
There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

(f) Material Contracts
To the best of the Board's knowledge, there were no material contracts involving the Group with any of the substantial shareholders nor Directors in office as at 30 September 2011 except those disclosed under Recurrent Related Party Transactions.

(g) Material Contracts Relating to Loans
There were no material contracts relating to loans entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

PPGB Annual Rpt 2011.indd 13 2/17/12 12:48 PM

(h) Non-Audit Fees
The amount of non-audit fees for services provided by the external auditors to the Group for the financial year was amounted to RM5,000.

(i) Variance between Audited Results and Previously Announced Unaudited Results
There was no variance of 10% or more for the audited results of the Group deviating from the unaudited results as announced on 30 November 2011.

(j) Profit Guarantee
During the financial year, there were no profit guarantees given by the Company.

(k) Revaluation Policy on Landed Properties
The Group does not have a revaluation policy for its landed properties.

(l) Recurrent Related-Party Transactions
Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 27 to the Financial Statements and circular dated 29 February 2012.

Sum Kown Cheek
Executive Chairman and Managing Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the income statement and cash flows of the Company and the Group for the financial year. The Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 is stated on page 25 of this Annual Report.

The Directors are of the view that, in preparing the financial statements of the Company and the Group for the year ended 30 September 2011, the Company has adopted appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have also considered that all applicable accounting standards have been followed during the preparation of audited financial statements.

The Directors are responsible for ensuring that the Company keeps adequate accounting records that disclose with reasonable accuracy the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the requirements of the Companies Act, 1965.

The Directors have ensured timely release of quarterly and annual financial results of the Company and the Group to Bursa Securities so that public and investors are informed of the Group's development.

The Directors also have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to detect and prevent fraud and other irregularities.

PPGB Annual Rpt 2011.indd 14 2/17/12 12:48 PM

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE The Audit Committee consists of three [3] Directors as indicated below:
Vincent Wong Soon Choy – Chairman [Independent Non-Executive Director]
Sam Yuen @ Sam Chin Yan – Member [Non-Independent Non-Executive Director]
Syahriza Binti Senan – Member [Independent Non-Executive Director]

TERMS OF REFERENCE FOR AUDIT COMMITTEE

Membership

The Committee shall be appointed by the Board from amongst its Directors (except alternate directors) which fulfils the following requirements:-

(a) the audit committee must be composed of no fewer than 3 members of whom a majority of audit committee must be independent directors;

(b) all members of the audit committee should be non-executive directors and financially literate; and

(c) at least one (1) member of the Committee;

(i) must be a member of the Malaysian Institute of Accountants; or
(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
- he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
- he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

(iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years.

Procedure of the Audit Committee meetings

(a) The members of the Committee shall elect a Chairman from among their numbers who is an Independent Director.

(b) The Company Secretary shall be the Secretary to the Committee. The Secretary shall circulate minutes of the Committee meeting to all members of the Board.

(c) The Committee shall meet not less than four (4) times a year and report to the Board of Directors.

(d) Written notice of the meeting together with the agenda shall be given to the members of the Committee; the external auditors and any other person invited to attend the meeting, where applicable.

(e) The quorum for meetings of the Committee shall be two (2) members and shall comprise of independent directors.

(f) A representative of the external auditors, the head of internal audit and the Finance Manager should normally attend meetings. Any other Directors, employees and any other persons, where applicable, shall attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.

(g) The Chairman shall convene a meeting of the Committee if requested to do so in writing by any member, the management, or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee.

(h) A meeting may be convened using telephone and/or the contemporaneous linking together by telephone, other media telecommunication or such other electronic communication media of a number of the Committee members being not less than the quorum shall be deemed to constitute a meeting of the Committee wherever in the world they are, as long as

PPGB Annual Rpt 2011.indd 15 2/17/12 12:48 PM

(i) the quorum of Committee is met;
(ii) at the commencement of the meeting each Committee member acknowledges his presence thereof to all the other members taking part and such participation shall be deemed to be his presence in person;
(iii) each of the Committee members taking part is able to be heard and hear each of the other members subject as hereinafter mentioned throughout the meeting; and
(iv) the Committee members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, but the meeting shall be deemed to have been conducted validly notwithstanding that the telephone or electronic communication media is accidentally disconnected during the meeting and provided that no discussions or decisions should be made in respect of matters by the members during the disconnection and that if the telephone or electronic communication media cannot be re-connected at all, the meeting shall then be adjourned.

(i) The Committee should meet with the external auditors without executive board members present at least twice a year.

Rights of the Committee

The Committee shall:

(a) have explicit authority to investigate any matter within its term of reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Company;

(d) have direct communication channels with external auditors and person(s) carrying out the internal audit function or activity (if any);

(e) be able to obtain independent professional or other advice; and

(f) be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Function of the Committee

The functions of the audit committee shall be:

(a) To review the following and report the same to the Board of Directors -

(i) with the external auditors, the audit plan;
(ii) with the external auditors, his evaluation of the system of internal controls;
(iii) with the external auditors, his audit report;
(iv) the assistance given by the employees of the Company to the external auditor;
(v) the quarterly results and the year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
- changes in or the implementation of major accounting policy changes;
- significant and unusual events;
- compliance with accounting standards and other legal requirements;

(vi) any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
(vii) any letter of resignation including the written explanations of the resignation from the external auditors of the Company; and
(viii) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.

(b) To do the following, in relation to the internal audit function:-
- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its works;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(c) To recommend the nomination of a person or persons as external auditors and the external audit fee.

(d) To carry out other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Company's duties and responsibilities.

(e) To verify the criteria for allocation of options pursuant to a share scheme for employee.

PPGB Annual Rpt 2011.indd 16 2/17/12 12:48 PM

AUDIT COMMITTEE DIARY

Chairman	**Attendance**
Vincent Wong Soon Choy	4/4
Members	
Syahriza Binti Senan	5/5
Sam Yuen @ Sam Chin Yan	4/5

During the year 2011, the Audit Committee convened five (5) meetings, which were attended by all the members as mentioned above. These meetings were carried out with proper agendas and adequate notifications.

The respective personnel and representatives [by invitations] as mentioned in the Terms of Reference were present in the meetings.

Upon verification of Audit Committee on the criteria for allocation of options, the ESOS Committee only make one offer to eligible employees during listing of the Company throughout the entire duration of the said scheme. Thereafter, there is no subsequent offer made by the ESOS Committee.

For year 2011, the Audit Committee has carried out its duties in accordance with its Terms of Reference in the following:

(a) Reviewed the quarterly Unaudited Financial Results before submission to the Board for approval, and ensuring its timely announcements to the Bursa Malaysia Securities Berhad.

(b) Reviewed the Year End Audited Financial Accounts and Statements before submission to the Board for approval, and ensuring its timely announcements to the Bursa Malaysia Securities Berhad.

(c) Reviewed the Annual Report prepared by the management before submission to the Board for approval, and ensuring its timely announcements to the Bursa Malaysia Securities Berhad.

(d) Ensured the preparation of the Audited Financial Statements was in compliance with the applicable Financial Reporting Standards ["FRS"] and provisions of the Companies Act, 1965 before submission for approval by the Board.

(e) Monitored the compliance requirements in line with the new updates of Bursa Malaysia Securities Berhad, Securities Commission, FRS, legal and regulatory bodies.

(f) Reviewed the related party transactions by scrutinizing the business dealings between the Company, and its subsidiaries companies to ensure arm's length and always on commercial basis, including monitoring of the inter-company funds. Monitored the compliance of such transactions in line with the required Listing Requirements of Bursa Malaysia Securities Berhad such as announcements.

(g) Reviewed and approved all internal audit activities in accordance with the approved yearly plan. Discussed with the management on audit issues, recommendations and management's response to improve the system of internal control.

(h) Reviewed the External Auditor's Plan, and Fees for year end audit 2011 and make recommendations to the Board for approval.

(i) Reviewed the audit results and management letter of the External Auditors and ensuring management's response to reply.

(j) Reviewed the internal audit reports, ensuring management's response to reply and communicate to the Board on the issues raised and make recommendations to the Board for approval.

PPGB Annual Rpt 2011.indd 17 2/17/12 12:48 PM

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Pelangi Publishing Group Bhd ("the Group") recognises that it is the Board's responsibility to review the adequacy and integrity of the Group's system of internal control. The Board is committed to maintain and ensure that a system of internal control exists and operating effectively across the Group. The Board is pleased to provide this statement outlining the nature and scope of internal control of the Group during the financial year pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and compliance with Section 167A of the Companies Act, 1965.

BOARD RESPONSIBILITIES

The Board affirms its overall responsibilities for establishing and maintaining a risk management framework and a sound system of internal control as well as reviewing the adequacy and integrity of the internal control system. The Board has delegated these aforementioned responsibilities to the Audit Committee. Through the Audit Committee, the Board is kept informed of all significant control issues brought to the attention of the Committee by the Management, the internal audit function and the external auditors.

The board does not review the internal control system of its associated companies, as the Board does not have direct control over their operations. Notwithstanding that, the Group's interests are served through representation on the boards of the respective associated companies and receipts and review of management accounts and inquires thereon. These representations also provide the Board with information for timely decision-making on the continuity of the Group's investments based on the performance of the associated companies.

As there are inherent limitations in any system of internal control, it can only manage rather than eliminate all risks that may impede the achievement of the Group's corporate objectives. Therefore, the system of internal control can only provide reasonable assurance rather than absolute assurance against material misstatement or loss.

THE RISK AND CONTROL MANAGEMENT FRAMEWORK

The Board maintains an ongoing commitment for identifying, evaluating and managing significant risks faced by the Group during the financial year under review. The Board had put in place a structured Risk Management Framework in order to manage key business risks faced by the Group effectively. The responsibility for the identification, assessment and management of the key business risk lies with the Executive Board and Senior Management. The Executive Board and Senior Management manage key business risks faced by the Group through constant communication among themselves and changes in the key business risks faced by the Group or emergence of new key business risks are highlighted to the Board, if any.

INTERNAL AUDIT FUNCTION

The review of the adequacy and integrity of the Group's internal control system is outsourced to an independent service provider, who, through the Audit Committee provides the Board with much of the assurance it requires in respect of the adequacy and integrity of the Group's systems of internal control. Internal audit plan in respect of financial year ended 30 September 2011 was drafted, after taking into consideration existing and emergent key business risks identified during the update exercise of key risk profile of the Group, and was approved by the Audit Committee for execution.

During financial year ended 30 September 2011, the independent service provider conducted three (3) cycles of internal control reviews on key business processes in accordance to the Internal Audit Plan or any amendment thereof approved by the Audit Committee. Upon the completion of the internal audit field works, the internal audit reports were presented to the Audit Committee during its scheduled meetings. During the presentation, the internal audit findings and recommendations as well as management response and action plans are presented and deliberated. Update on the status of action plans as identified in the previous internal audit report was presented at subsequence Audit Committee meeting to review and deliberate.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The key processes that have been established in reviewing the adequacy and integrity of the system of internal control include the following:

- The Group has a well defined organization structure in place. The Group is committed to employing suitably qualified staff so that the appropriate level of authorities and responsibilities can be delegated accordingly to competent staffs to ensure operational efficiency. Furthermore, there is close involvement in daily operations of the Group by the Executive Directors and Senior Management.
- Management meetings are held at regular interval. During the meetings, the Senior Management also reviews and discusses operational performance and other significant operational issues arising.

CONCLUSION

The Board is committed towards maintaining an effective risk management framework and a sound system of internal control throughout the Group and where necessary put in place appropriate plans to further enhance the Group's systems of internal control. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

Sum Kown Cheek
Executive Chairman and Managing Director

PPGB Annual Rpt 2011.indd 18 2/17/12 12:48 PM

Financial Statements

Directors' report 20

Statement by directors 25

Statutory declaration 25

Independent auditors' report 26

Statements of comprehensive income 29

Consolidated statement of financial position 31

Company statement of financial position 33

Statements of changes in equity 34

Consolidated statement of cash flows 37

Company statement of cash flows 39

Notes to the financial statements 40

Supplementary information 100

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2011.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are as disclosed in Note 14 to the financial statements.

There have been no significant changes in the nature of the Group's activities during the financial year.

Results

	Group RM	Company RM
Profit net of tax	3,604,208	3,820,843
Profit attributable to owners of the parent	3,795,234	3,820,843

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

Dividends

The amount of dividend paid by the Company since 30 September 2010 was as follows:

	RM
In respect of the financial year ended 30 September 2010:	
Final dividend of 4.0% less 25% taxation, on 96,728,900 ordinary shares (1.50 sen net per ordinary share)	1,450,933

PPGB Annual Rpt 2011.indd 20 2/17/12 12:48 PM

Dividends (cont'd)

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 September 2011, of 4.0% less 25% taxation on 96,728,900 ordinary shares, amounting to a dividend payable of RM1,450,933 (1.5 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. 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 2012.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Sum Kown Cheek
Lee Kheng Hon
Chung Shan Kwang
Vincent Wong Soon Choy
Sam Yuen @ Sam Chin Yan
Syahriza Binti Senan
Winston Paul Wong Chi-Huang (resigned on 1 April 2011)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 27 to the financial statements.

PPGB Annual Rpt 2011.indd 21 2/17/12 12:48 PM

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
The Company	**1 October 2010**	**Acquired**	**Sold**	**30 September 2011**
Direct interest :				
Sum Kown Cheek	21,162,143	-	-	21,162,143
Lee Kheng Hon	3,434,965	-	-	3,434,965
Chung Shan Kwang	4,625,000	-	-	4,625,000
Sam Yuen @ Sam Chin Yan	2,546,612	-	-	2,546,612
Deemed interest :				
Sum Kown Cheek	3,437,465	-	-	3,437,465
Sam Yuen @ Sam Chin Yan	5,682,500	-	-	5,682,500
Syahriza Binti Senan	13,750	-	-	13,750

	Number of ordinary shares of RM1 each			
Subsidiary - Pelangi Comics Sdn Bhd	**1 October 2010**	**Acquired**	**Sold**	**30 September 2011**
Direct interest				
Sum Kown Cheek	-	3,500	-	3,500

	Number of ordinary shares of USD1,000 each			
Subsidiary - PT Penerbitan Pelangi Indonesia	**1 October 2010**	**Acquired**	**Sold**	**30 September 2011**
Direct interest				
Sum Kown Cheek	5	-	-	5

None of the other Directors have any interests in shares in the Company or its related corporations during the financial year.

PPGB Annual Rpt 2011.indd 22 2/17/12 12:48 PM

Treasury shares

During the financial year, the Company repurchased 1,803,700 of its issued ordinary shares from the open market at an average price of RM0.45 per share. The total consideration paid for the repurchase including transaction costs was RM815,184. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 September 2011, the Company held as treasury shares a total of 3,271,100 of its 100,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,407,602 and further relevant details are disclosed in Note 24 to the financial statements.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps :

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision has been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

PPGB Annual Rpt 2011.indd 23 2/17/12 12:48 PM

Other statutory information (cont'd)

(e) As at the date of this report, there does not exist :

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors :

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 January 2012.

Sum Kown Cheek Lee Kheng Hon

PPGB Annual Rpt 2011.indd 24 2/17/12 12:48 PM

Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Sum Kown Cheek and Lee Kheng Hon, being two of the directors of Pelangi Publishing Group Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 29 to 99 are drawn up in accordance with Financial Reporting Standards and the Companies Act,1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 35 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 January 2012.

Sum Kown Cheek

Lee Kheng Hon

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Hui Kang Sang, being the officer primarily responsible for the financial management of Pelangi Publishing Group Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 29 to 100 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Hui Kang Sang at Ampang in the State of Selangor Darul Ehsan on 16 January 2012

Hui Kang Sang

Before me,

PPGB Annual Rpt 2011.indd 25 2/17/12 12:48 PM

Independent auditors' report to the members of Pelangi Publishing Group Bhd. (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Pelangi Publishing Group Bhd, which comprise the statements of financial position as at 30 September 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 99.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PPGB Annual Rpt 2011.indd 26 2/17/12 12:48 PM

Independent auditors' report to the members of Pelangi Publishing Group Bhd. (cont'd) (Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2011 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirement

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

PPGB Annual Rpt 2011.indd 27 2/17/12 12:48 PM

Independent auditors' report to the members of Pelangi Publishing Group Bhd. (cont'd) (Incorporated in Malaysia)

Other matters

The supplementary information set out in Note 35 to the financial statements on page 100 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF 0039
Chartered Accountants

Wun Mow Sang
1821/12/12(J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 16 January 2012

PPGB Annual Rpt 2011.indd 28 2/17/12 12:48 PM

Statements of comprehensive income
For the financial year ended 30 September 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue	4	53,057,735	50,620,339	5,333,333	2,000,000
Cost of sales		(34,632,305)	(29,367,688)	-	-
Gross profit		18,425,430	21,252,651	5,333,333	2,000,000
Other item of income					
Other operating income	5	2,441,354	1,328,379	45,011	133,366
Other items of expenses					
Administration expenses		(7,456,125)	(8,181,302)	(326,031)	(517,148)
Selling expenses		(5,463,216)	(4,744,405)	-	-
Other expenses		(2,432,175)	(2,905,051)	(281,487)	(11,859)
Finance costs	6	(347,187)	(403,786)	-	-
Share of results of associates		(76,167)	(60,879)	-	-
Profit before tax	7	5,091,914	6,285,607	4,770,826	1,604,359
Income tax expenses	10	(1,487,706)	(2,348,584)	(949,983)	(906,409)
Profit net of tax		3,604,208	3,937,023	3,820,843	697,950
Other comprehensive income:					
Gain on fair value changes of other investment		11	-	-	-
Foreign currency translation		(28,195)	29,475	-	-
Other comprehensive income for the year, net of tax		(28,184)	29,475	-	-
Total comprehensive income for the year		3,576,024	3,966,498	3,820,843	697,950
Profit attributable to:					
Owners of the parent		3,795,234	3,951,570	3,820,843	697,950
Minority interest		(191,026)	(14,547)	-	-
		3,604,208	3,937,023	3,820,843	697,950

PPGB Annual Rpt 2011.indd 29 2/17/12 12:48 PM

Statements of comprehensive income (cont'd)
For the financial year ended 30 September 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Total comprehensive income attributable to:					
Owners of the parent		3,764,868	3,981,045	3,820,843	697,950
Non-controlling interests		(188,844)	(14,547)	-	-
		3,576,024	3,966,498	3,820,843	697,950
Earnings per share attributable to owners of the parent (sen per share)					
Basic	11	3.84	3.96		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated statement of financial position as at 30 September 2011

	Note	2011 RM	2010 (restated) RM	1.10.2009 (restated) RM
Non-current assets				
Property, plant and equipment	12	33,670,843	31,114,629	32,542,917
Investment properties	13	1,952,980	1,952,980	1,952,980
Investment in associates	15	85,846	167,717	228,596
Other investments	16	26,566	26,490	26,490
Intangible assets	17	-	-	364,915
Deferred tax assets	23	2,475,950	2,350,229	2,295,233
		38,212,185	35,612,045	37,411,131
Current assets				
Inventories	18	28,337,424	24,660,207	18,938,290
Trade and other receivables	19	16,805,450	12,605,580	12,522,252
Prepayment		687,448	627,852	490,107
Tax recoverable		1,671,335	1,460,769	1,271,462
Cash and bank balances	20	18,333,848	22,911,802	27,645,448
		65,835,505	62,266,210	60,867,559
Total assets		104,047,690	97,878,255	98,278,690
Equity and liabilities				
Current liabilities				
Loans and borrowings	21	1,598,257	1,510,748	1,780,094
Trade and other payables	22	12,792,710	9,436,048	10,917,046
Income tax payable		175,837	179,178	70,799
		14,566,804	11,125,974	12,767,939
Net current assets		51,268,701	51,140,236	48,099,620
Non-current liabilities				
Loans and borrowings	21	6,444,848	4,597,600	5,480,808
Deferred tax liabilities	23	1,604,637	1,790,252	1,614,597
		8,049,485	6,387,852	7,095,405
Total liabilities		22,616,289	17,513,826	19,863,344
Net assets		81,431,401	80,364,429	78,415,346

PPGB Annual Rpt 2011.indd 31 2/17/12 12:48 PM

Consolidated statement of financial position as at 30 September 2011 (cont'd)

	Note	2011 RM	2010 (restated) RM	1.10.2009 (restated) RM
Equity attributable to owners of the parent				
Share capital	24	50,000,000	50,000,000	40,000,000
Share premium	24	-	-	3,162,051
Treasury shares	24	(1,407,602)	(592,418)	-
Fair value reserve	25	76	-	-
Foreign exchange reserve	25	(131,783)	(101,406)	(130,881)
Retained earnings	26	33,049,219	30,674,961	34,986,337
		81,509,910	79,981,137	78,017,507
Non-controlling interests		(78,509)	383,292	397,839
Total equity		81,431,401	80,364,429	78,415,346
Total equity and liabilities		104,047,690	97,878,255	98,278,690

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PPGB Annual Rpt 2011.indd 32 2/17/12 12:48 PM

Company statement of financial position as at 30 September 2011

	Note	2011 RM	2010 RM
Non-current assets			
Investment in subsidiaries	14	33,337,797	33,607,805
Investment in associates	15	369,907	369,907
		33,707,704	33,977,712
Current assets			
Other receivables	19	15,867,837	13,527,628
Tax recoverable		91,470	208,120
Cash and bank balances	20	2,433,187	3,372,773
		18,392,494	17,108,521
Total assets		52,100,198	51,086,233
Equity and liability			
Current liability			
Other payables	22	138,889	179,650
Net current assets		18,253,605	16,928,871
Non-current liability			
Deferred tax liabilities	23	-	500,000
Total liabilities		138,889	679,650
Net assets		51,961,309	50,406,583
Equity attributable to owners of the parent			
Share capital	24	50,000,000	50,000,000
Treasury shares	24	(1,407,602)	(592,418)
Retained earnings	26	3,368,911	999,001
Total equity		51,961,309	50,406,583
Total equity and liabilities		52,100,198	51,086,233

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PPGB Annual Rpt 2011.indd 33 2/17/12 12:48 PM

Statements of changes in equity
For the financial year ended 30 September 2011

			Attributable to owners of the parent						
			Non-Distributable					Distributable	
Group	**Note**	**Total Equity RM**	**Share capital RM**	**Share premium RM**	**Treasury shares RM**	**Fair value reserve RM**	**Foreign exchange reserve RM**	**Retained earnings RM**	**Non-controlling interests RM**
Opening balance at 1 October 2010		80,364,429	50,000,000	-	(592,418)	-	(101,406)	30,674,961	383,292
Effects of adopting FRS 139		65	-	-	-	65	-	-	-
		80,364,494	50,000,000	-	(592,418)	65	(101,406)	30,674,961	383,292
Total comprehensive income		3,576,024	-	-	-	11	(30,377)	3,795,234	(188,844)
Transactions with owners									
Share buy-back	24	(815,184)	-	-	(815,184)	-	-	-	-
Gain on acquisition of equity stake in subsidiary	14	30,892	-	-	-	-	-	30,892	-
Loss on disposal of equity stake in subsidiary	14	(935)	-	-	-	-	-	(935)	-
Acquisition of equity stake in subsidiary	14	(280,892)	-	-	-	-	-	-	(280,892)
Disposal of equity stake in subsidiary	14	7,935	-	-	-	-	-	-	7,935
Dividends on ordinary shares	34	(1,450,933)	-	-	-	-	-	(1,450,933)	-
Total transactions with owners		(2,509,117)	-	-	(815,184)	-	-	(1,420,976)	(272,957)
Closing balance at 30 September 2011		81,431,401	50,000,000	-	(1,407,602)	76	(131,783)	33,049,219	(78,509)

PPGB Annual Rpt 2011.indd 34 2/17/12 12:48 PM

Statements of changes in equity (cont'd)
For the financial year ended 30 September 2011

			Attributable to owners of the parent						
			Non-Distributable					Distributable	
Group	**Note**	**Total Equity RM**	**Share capital RM**	**Share premium RM**	**Treasury shares RM**	**Fair value reserve RM**	**Foreign exchange reserve RM**	**Retained earnings RM**	**Non-controlling interests RM**
Opening balance at 1 October 2009		78,415,346	40,000,000	3,162,051	-	-	(130,881)	34,986,337	397,839
Total comprehensive income		3,966,498	-	-	-	-	29,475	3,951,570	(14,547)
Transactions with owners									
Share buy-back	24	(592,418)	-	-	(592,418)	-	-	-	-
Bonus shares issue	24	-	10,000,000	(3,162,051)	-	-	-	(6,837,949)	-
Dividends on ordinary shares	34	(1,424,997)	-	-	-	-	-	(1,424,997)	-
Total transactions with owners		(2,017,415)	10,000,000	(3,162,051)	(592,418)	-	-	(8,262,946)	-
Closing balance at 30 September 2010		80,364,429	50,000,000	-	(592,418)	-	(101,406)	30,674,961	383,292

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PPGB Annual Rpt 2011.indd 35 2/17/12 12:48 PM

Statements of changes in equity (cont'd)
For the financial year ended 30 September 2011

Company	Note	Total Equity RM	Non-Distributable Share capital RM	Share premium RM	Treasury shares RM	Distributable Retained earnings RM
Opening balance at 1 October 2010		50,406,583	50,000,000	-	(592,418)	999,001
Total comprehensive income		3,820,843	-	-	-	3,820,843
Transactions with owners						
Share buy-back	24	(815,184)	-	-	(815,184)	-
Dividends on ordinary shares	34	(1,450,933)	-	-	-	(1,450,933)
Total transactions with owners		(2,266,117)	-	-	(815,184)	(1,450,933)
Closing balance at 30 September 2011		51,961,309	50,000,000	-	(1,407,602)	3,368,911
Opening balance at 1 October 2009		51,726,048	40,000,000	3,162,051	-	8,563,997
Total comprehensive income		697,950	-	-	-	697,950
Transactions with owners						
Bonus shares issue		-	10,000,000	(3,162,051)	-	(6,837,949)
Share buy-back		(592,418)	-	-	(592,418)	-
Dividends on ordinary shares	34	(1,424,997)	-	-	-	(1,424,997)
Total transactions with owners		(2,017,415)	10,000,000	(3,162,051)	(592,418)	(8,262,946)
Closing balance at 30 September 2010		50,406,583	50,000,000	-	(592,418)	999,001

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PPGB Annual Rpt 2011.indd 36 2/17/12 12:48 PM

Consolidated statement of cash flows
For the financial year ended 30 September 2011

	2011 RM	2010 RM
Cash flows from operating activities		
Profit before tax	5,091,914	6,285,607
Adjustments for :		
Amortisation of development expenditure	-	30,877
Bad debts recovered	(82,255)	(139,781)
Bad debts written off	90,000	229,271
Depreciation of property, plant and equipment	2,496,357	2,724,523
Dividend income	(30)	(25)
Finance costs	347,187	403,786
Gain on disposal of property, plant and equipment	(1,244,987)	(122,872)
Gain on disposal of subsidiary	-	(328,091)
Impairment of intangible assets	-	334,038
Impairment loss on receivables		
- Trade receivables	1,501,827	693,554
- Other receivables	49,690	-
Impairment loss on trade receivables recovered	(404,542)	(198,929)
Impairment loss on trade receivables written back	(181,780)	(685,570)
Interest income	(303,541)	(441,364)
Plant and equipment written off	113,351	29,433
Reversal of impairment loss on buildings	(384,314)	-
Share of results of associates	76,167	60,879
Unrealised foreign exchange (gain)/loss	(376,324)	260,394
Operating profit before working capital changes	6,788,720	9,135,730
Changes in working capital		
Inventories	(3,677,217)	(5,721,917)
Trade and other receivables	(5,297,568)	(3,715,276)
Prepayment	(59,596)	(137,745)
Trade and other payables	3,356,662	2,295,087
Cash generated from operations	1,111,001	1,855,879
Tax refunded	164,154	49,262
Tax paid	(1,655,525)	(2,359,921)
Interest paid	(347,187)	(403,786)
Net cash used in operating activities	(727,557)	(858,566)

PPGB Annual Rpt 2011.indd 37 2/17/12 12:48 PM

Consolidated statement of cash flows (cont'd)
For the financial year ended 30 September 2011

	2011 RM	2010 RM
Cash flows from investing activities		
Acquisition of non-controlling interests	(250,000)	-
Dividend received	30	25
Interest received	303,541	441,364
Purchase of property, plant and equipment	(5,344,454)	(1,197,537)
Proceeds from disposal of equity stake in subsidiary	7,000	-
Proceeds from disposal of subsidiaries	-	181,632
Proceeds from disposal of property, plant and equipment	2,266,329	554,017
Net cash used in investing activities	(3,017,554)	(20,499)
Cash flows from financing activities		
Dividend paid on ordinary shares	(1,450,933)	(1,424,997)
Drawdown of term loans	3,181,000	-
Purchase of treasury shares	(815,184)	(592,418)
Repayment of obligation under finance leases	(1,102,396)	(1,582,155)
Proceeds from finance leases financing	455,000	719,000
Repayment of term loans	(1,061,241)	(1,008,399)
Net cash used in financing activities	(793,754)	(3,888,969)
Net decrease in cash and cash equivalents	(4,538,865)	(4,768,034)
Effect of exchange rate changes on cash and cash equivalents	(46,483)	34,388
Cash and cash equivalents at beginning of the year	22,911,802	27,645,448
Cash and cash equivalents at end of the year (Note 20)	18,326,454	22,911,802

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PPGB Annual Rpt 2011.indd 38 2/17/12 12:48 PM

Company statement of cash flows
For the financial year ended 30 September 2011

	2011 RM	2010 RM
Cash flows from operating activities		
Profit before tax	4,770,826	1,604,359
Adjustments for :		
Dividend income	(5,333,333)	(2,000,000)
Interest income	(45,011)	(133,366)
Impairment of investment in subsidiaries	272,458	-
Operating loss before working capital changes	(335,060)	(529,007)
Changes in working capital		
Other receivables	(2,340,209)	(2,118,525)
Other payables	(40,761)	(26,822)
Cash used in operations	(2,716,030)	(2,674,354)
Dividend received	4,000,000	1,500,000
Net cash generated from/(used in) operating activities	1,283,970	(1,174,354)
Cash flows from investing activities		
Interest received	45,011	133,366
Investment in subsidiaries	(2,450)	-
Net cash generated from investing activities	42,561	133,366
Cash flows from financing activities		
Dividend paid on ordinary shares	(1,450,933)	(1,424,997)
Purchase of treasury shares	(815,184)	(592,418)
Net cash used in financing activities	(2,266,117)	(2,017,415)
Net decrease in cash and cash equivalents	(939,586)	(3,058,403)
Cash and cash equivalents at beginning of the year	3,372,773	6,431,176
Cash and cash equivalents at end of the year (Note 20)	2,433,187	3,372,773

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PPGB Annual Rpt 2011.indd 39 2/17/12 12:48 PM

Notes to the financial statements
For the financial year ended 30 September 2011

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad. The principal places of business of the Company are located at Lot 8, Jalan P10/10, Kawasan Perusahaan Bangi, Bandar Baru Bangi, 43650 Bangi, Selangor Darul Ehsan and 66, Jalan Pingai, Taman Pelangi, 80400 Johor Bahru, Johor Darul Takzim. The registered office of the Company is located at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor Darul Ta'zim.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed in Note 14. There have been no significant changes in nature of the Group's activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 October 2010 as described fully in Note 2.2.

The financial statements have been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia (RM).

PPGB Annual Rpt 2011.indd 40 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows :

On 1 October 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 October 2010.

FRS 7: Financial Instruments: Disclosures
FRS 101: Presentation of Financial Statements (Revised)
FRS 123: Borrowing Costs
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS 138: Intangible Assets
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Improvements to FRSs issued in 2009
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to FRS 132: Classification of Rights Issues
FRS 1: First-time Adoption of Financial Reporting Standards (revised)
FRS 3: Business Combinations (revised)
Amendments to FRS 2: Share-based Payment
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127: Consolidated and Separate Financial Statements
Amendments to FRS 138: Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners

FRS 4 Insurance contracts and TRi-3 Presentation of financial statements of Islamic Financial Institutions are also effective for annual financial periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group or the Company.

PPGB Annual Rpt 2011.indd 41 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Adoption of the above Standards and Interpretations did not have any effect on the financial performance or position of the Group and of the Company except for those discussed below :

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 30 September 2011.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

PPGB Annual Rpt 2011.indd 42 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 101 Presentation of Financial Statements (Revised) (cont'd)

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 31).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 October 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 October 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

(a) Equity instruments

Prior to 1 October 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 October 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date amounting to RM366. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained earnings as at 1 October 2010. Investments in equity instruments whose fair value cannot be reliably measured amounting to RM26,200 at 1 October 2010 continued to be carried at cost less impairment losses.

(b) Receivables

Prior to 1 October 2010, receivables were stated at gross receivables less provision for doubtful debts. Upon the adoption of FRS 139, receivables are measured at amortised cost using effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the receivables are derecognised or impaired, and through the amortisation process.

PPGB Annual Rpt 2011.indd 43 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement (cont'd)

(c) Payables

Prior to 1 October 2010, payables were stated at gross amount payable. Upon the adoption of FRS 139, payables are measured at amortised cost using effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

The following are effects arising from the above changes in accounting policies:

	Increase	
	As at 30 September 2011	**As at 1 October 2010**
Statements of financial position		
Group		
Other investments		
- available-for-sale financial assets	76	-
Fair value reserve	76	65
Statements of comprehensive income		
Gain on fair value changes of other investment	11	-

Amendment to FRS 117 Leases

Prior to 1 October 2010, for all leases of land and buildings, if the title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments made were allocated between the land and buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

PPGB Annual Rpt 2011.indd 44 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Amendment to FRS 117 Leases (cont'd)

The amendments to FRS 117 Lease clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the consolidated statement of financial positions as at 30 September 2011 arising from the above change in accounting policy:

	As at 1 October 2010 RM
Increase/(Decrease) in:	
Property, plant and equipment	8,749,259
Prepaid land lease payments	(8,749,259)

The following comparatives have been restated:

	As previously stated RM	Adjustments RM	As restated RM
Consolidated statement of financial position 30 September 2010			
Property, plant and equipment	22,365,370	8,749,259	31,114,629
Prepaid land lease payments	8,749,259	(8,749,259)	-
1 October 2009			
Property, plant and equipment	23,693,188	8,849,729	32,542,917
Prepaid land lease payments	8,849,729	(8,849,729)	-

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretation that have been issued but not yet effective :

Description	Effective for annual periods beginning on or after
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Improvements to FRSs (2010)	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-Time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
IC Interpretation 4: Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
TR 3: Guidance a Disclosure of Transition to IFRSs	1 January 2011
TR i - 4: Shariah Compliant Sale Contracts	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayment of a Minimum Funding Requirement	1 July 2011

Except for the new disclosures required under amendments to FRS 7: Improving Disclosures about Financial Instruments effective for the annual periods beginning on or after 1 January 2011, there are no other standards issued but not yet effective that are applicable to the Group and the Company.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 September 2013.

The directors are of the opinion that the financial performance and financial position as disclosed in these financial statements for the year ended 30 September 2011 would not be significantly different if prepared under the MFRS Framework.

PPGB Annual Rpt 2011.indd 46 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

PPGB Annual Rpt 2011.indd 47 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.5 Foreign currency (cont'd)

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

PPGB Annual Rpt 2011.indd 48 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.5 Foreign currency (cont'd)

(c) Foreign operations (cont'd)

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2011 RM	2010 RM
100 Thai Bath	10.2358	10.1513
100 Indonesian Rupiah	0.0362	0.0346
100 Hong Kong Dollars	40.9402	39.7899
1 Great Britain Pound	4.9738	4.8892

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land is measured at cost less impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	99 years
Buildings	50 years
Plant, machinery and motor vehicles	5 to 10 years
Renovation	5 years
Other assets	3 years

Capital work in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

PPGB Annual Rpt 2011.indd 49 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.6 Property, plant and equipment (cont'd)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development.

PPGB Annual Rpt 2011.indd 50 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.8 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment loss.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

PPGB Annual Rpt 2011.indd 51 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

PPGB Annual Rpt 2011.indd 52 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.12 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of its financial assets at initial recognition and the categories include loans and receivables and available-for-sale financial assets.

(a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(b) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in the preceding category.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

2. Summary of significant accounting policies (cont'd)

2.12 Financial assets (cont'd)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset.

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 Impairment of financial assets (cont'd)

(b) Unquoted and other investments carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, fixed deposits, and short term deposits which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Summary of significant accounting policies (cont'd)

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

PPGB Annual Rpt 2011.indd 56 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.17 Financial liabilities (cont'd)

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

PPGB Annual Rpt 2011.indd 57 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.19 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.20 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

PPGB Annual Rpt 2011.indd 58 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.20 Leases (cont'd)

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.22 Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. Summary of significant accounting policies (cont'd)

2.22 Income tax (cont'd)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

PPGB Annual Rpt 2011.indd 60 2/17/12 12:48 PM

2. Summary of significant accounting policies (cont'd)

2.22 Income tax (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent assets are not recognised in the statements of financial position of the Group.

PPGB Annual Rpt 2011.indd 61 2/17/12 12:48 PM

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

There are no critical judgements made by the management in the process of applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Useful lives of plant and equipment

The cost of plant and equipment of the Group are depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be between 5 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 12.

(b) Income taxes

Judgement is involved in determining the Group's provision for income taxes as there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matter is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

PPGB Annual Rpt 2011.indd 62 2/17/12 12:48 PM

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factor such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

When there is objective evidence of impairment, the amount and the timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 19.

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unused tax losses and unabsorbed capital allowances.

4. Revenue

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Sale of goods	52,786,535	50,289,939	-	-
Rental income	271,200	330,400	-	-
Dividend income from subsidiaries	-	-	5,333,333	2,000,000
	53,057,735	50,620,339	5,333,333	2,000,000

PPGB Annual Rpt 2011.indd 63 2/17/12 12:48 PM

5. Other operating income

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Advertising income	1,620	34,200	-	-
Dividend income	30	25	-	-
Forfeiture of non-refundable deposits	15,000	-	-	-
Gain on disposal of property, plant and equipment	1,244,987	122,872	-	-
Gain on disposal of subsidiary	-	328,091	-	-
Interest income	303,541	441,364	45,011	133,366
Income on disposal of printing plates	8,197	19,090	-	-
Income on disposal of scrap papers	288,500	177,287	-	-
Income on selling of publishing copyright	-	30,687	-	-
Rental income of premises	47,105	41,022	-	-
Rental income of motor vehicles	-	1,400	-	-
Reversal of impairment loss on buildings	384,314	-	-	-
Reversal of write down of inventory obsolescence	61,032	-	-	-
Royalty income	-	110,728	-	-
Seminar fee income	6,730	-	-	-
Sundry income	80,298	21,613	-	-
	2,441,354	1,328,379	45,011	133,366

6. Finance costs

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Term loan interest	306,338	327,594	-	-
Bank overdraft interest	1,414	559	-	-
Finance lease interest	71,684	75,633	-	-
	379,436	403,786	-	-
Less: Interest expense capitalised in freehold land (Note 12)	(32,249)	-	-	-
	347,187	403,786	-	-

PPGB Annual Rpt 2011.indd 64 2/17/12 12:48 PM

7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Amortisation of development expenditure	-	30,877	-	-
Auditors' remuneration				
- Auditors' of the Company				
- statutory audits	106,000	100,000	18,000	18,000
- other services	5,000	5,000	5,000	-
- Other auditors				
- statutory audits	55,738	64,337	-	-
Bad debts written off	90,000	229,271	-	-
Bad debts recovered	(82,255)	(139,781)	-	-
Depreciation of property, plant and equipment (Note 12)	2,496,357	2,724,523	-	-
Gain on disposal of property, plant and equipment	(1,244,987)	(122,872)	-	-
Impairment loss on receivables				
- Trade receivables (Note 19)	1,501,827	693,554	-	-
- Other receivables	49,690	-	-	-
Impairment loss on trade receivables recovered (Note 19)	(404,542)	(198,929)	-	-
Impairment loss on trade receivables written back (Note 19)	(181,780)	(685,570)	-	-
Impairment of intangible assets	-	334,038	-	-
Impairment of investment in subsidiaries (Note 14)	-	-	272,458	-
Loss/(Gain) on foreign exchange				
- Realised	8,851	24,412	-	-
- Unrealised	(376,324)	260,394	-	-
Plant and equipment written off	113,351	29,433	-	-
Preliminary expenses written off	3,281	-	-	-
Reversal of impairment loss on buildings	(384,314)	-	-	-
Rental				
- Land and building	192,477	406,416	-	-
- Plant and equipment	24,032	33,679	-	-
Non-executive directors' remuneration (Note 9)	69,000	69,000	69,000	69,000
Employee benefits expense (Note 8)	11,935,979	12,039,160	-	-

PPGB Annual Rpt 2011.indd 65 2/17/12 12:48 PM

8. Employee benefits expenses

The employee benefits expenses, excluding directors' fees, are as follows:

	Group	
	2011 RM	2010 RM
Wages, salaries and bonus	10,724,949	10,881,355
Contributions to defined contribution plan	1,079,505	1,036,896
Social security contributions	125,354	120,909
Unutilised annual leave	6,171	-
	11,935,979	12,039,160

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM608,396 (2010 : RM589,737).

9. Directors' remuneration

The details of remuneration receivable by directors of the Company and of the subsidiaries during the year are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	528,360	463,003	-	-
Fees				
- current year	132,500	125,000	27,500	38,500
Bonus	15,469	63,530	-	-
Defined contribution plan	63,504	63,204	-	
Social security contribution	1,063	-	-	-
	740,896	714,737	27,500	38,500
Non-Executive:				
Fees	69,000	69,000	69,000	69,000
	809,896	783,737	96,500	107,500

PPGB Annual Rpt 2011.indd 66 2/17/12 12:48 PM

9. Directors' remuneration (cont'd)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	286,726	260,461	-	-
Fees				
- current year	51,875	39,319	-	-
- underprovision in prior year	38,143	-	-	-
Bonus	29,886	39,265	-	-
Defined contribution plan	60,036	39,720	-	-
Social security contribution	1,439	-	-	-
	468,105	378,765	-	-
Total directors' remuneration	1,278,001	1,162,502	96,500	107,500

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2011	2010
Executive directors:		
RM200,000 and below	2	2
RM400,001 - RM450,000	1	1
Non-Executive directors:		
RM50,000 and below	3	4

PPGB Annual Rpt 2011.indd 67 2/17/12 12:48 PM

10. Income tax expense

The major components of income tax expense for the years ended 30 September 2011 and 2010 are:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Statement of comprehensive income:				
Current income tax				
- Malaysian income tax	1,752,965	1,757,350	1,305,004	349,000
- Underprovision in respect of previous year	25,581	470,575	144,979	557,409
	1,778,546	2,227,925	1,449,983	906,409
Deferred income tax (Note 23)				
- Origination and reversal of temporary differences	(76,812)	185,396	(500,000)	-
- Underprovision in respect of previous year	(214,028)	(64,737)	-	-
	(290,840)	120,659	(500,000)	-
Income tax expense recognised in profit or loss	1,487,706	2,348,584	949,983	906,409

Pelangi Publishing Group Bhd.
(Incorporated in Malaysia)

10. Income tax expense (cont'd)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 September 2011 and 2010 are as follows :

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit before tax	5,091,914	6,285,607	4,770,826	1,604,359
Taxation at Malaysian statutory tax rate of 25% (2010 : 25%)	1,272,979	1,571,402	1,192,707	401,090
Different tax rates in other countries	(5,624)	-	-	-
Adjustments:				
Non-deductible expenses	482,273	298,342	112,297	447,910
Income not subject to taxation	(27,495)	(41,575)	-	(500,000)
Utilisation of current year's reinvestment allowances	(29,265)	(70,600)	-	-
Utilisation of unrecognised deferred tax assets	(123,997)	-	-	-
Deferred tax assets not recognised	88,241	169,957	-	-
Reversal of deferred tax liability on dividend receivable	-	-	(500,000)	-
Share of results of associates	19,041	15,220	-	-
Underprovision of income tax in respect of previous year	25,581	470,575	144,979	557,409
Underprovision of deferred tax in respect of previous year	(214,028)	(64,737)	-	-
Income tax expense recognised in profit or loss	1,487,706	2,348,584	949,983	906,409

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

10. Income tax expense (cont'd)

Tax savings during the financial year arising from:

	Group	
	2011 RM	2010 RM
Utilisation of reinvestment allowances	(29,265)	(70,600)
Utilisation of previously unrecognised tax losses	(123,997)	-

11. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 30 September:

	Group	
	2011 RM	2010 RM
Profit net of tax attributable to owners of the parent (RM)	3,795,234	3,951,570
Weighted average number of ordinary shares in issue	98,743,968	99,901,945
Basic earnings per share (sen)	3.84	3.96

The diluted earnings per shares is not presented as there were no potential dilutive ordinary shares outstanding at reporting date.

12. Property, plant and equipment

Group	Leasehold land RM	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Capital work-in-progress RM	* Others RM	Total RM
Cost :									
At 1 October 2009									
As previously stated	-	1,409,089	16,602,148	2,804,177	14,622,520	3,380,786	-	12,394,354	51,213,074
Effects of adopting amendments to FRS 117	9,865,932	-	-	-	-	-	-	-	9,865,932
As restated	9,865,932	1,409,089	16,602,148	2,804,177	14,622,520	3,380,786	-	12,394,354	61,079,006
Additions	-	-	194,520	44,480	1,115,320	305,838	-	256,379	1,916,537
Disposals	-	-	(197,307)	(80,443)	(724,500)	(213,354)	-	(50,719)	(1,266,323)
Write off	-	-	-	(23,910)	(2,200)	-	-	(19,501)	(45,611)
Disposal of subsidiary	-	-	-	(113,830)	-	-	-	(151,628)	(265,458)
Exchange differences	-	-	-	-	-	-	-	(19,377)	(19,377)
At 30 September 2010 (restated)	9,865,932	1,409,089	16,599,361	2,630,474	15,011,140	3,473,270	-	12,409,508	61,398,774
At 1 October 2010									
As previously stated	-	1,409,089	16,599,361	2,630,474	15,011,140	3,473,270	-	12,409,508	51,532,842
Effects of adopting amendments to FRS 117	9,865,932	-	-	-	-	-	-	-	9,865,932
As restated	9,865,932	1,409,089	16,599,361	2,630,474	15,011,140	3,473,270	-	12,409,508	61,398,774
Reclassification				(460,407)				460,407	-
Additions	-	4,179,534	-	48,170	746,655	356,165	53,065	415,865	5,799,454
Disposals	(766,755)	-	(443,911)	-	(673,200)	(321,029)	-	(90,000)	(2,294,895)
Write off	-	-	-	(1,432,269)	(1,941,131)	-	-	(5,863,026)	(9,236,426)
Exchange differences	-	-	-	(197)	-	528	-	19,250	19,581
At 30 September 2011	9,099,177	5,588,623	16,155,450	785,771	13,143,464	3,508,934	53,065	7,352,004	55,686,488

PPGB Annual Rpt 2011.indd 71 2/17/12 12:48 PM

12. Property, plant and equipment (cont'd)

Group	Leasehold land RM	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Capital work-in-progress RM	* Others RM	Total RM
Accumulated depreciation :									
At 1 October 2009									
As previously stated	-	-	2,783,325	2,303,635	10,430,909	1,951,964	-	10,050,053	27,519,886
Effects of adopting amendments to FRS 117	1,016,203	-	-	-	-	-	-	-	1,016,203
As restated	1,016,203	-	2,783,325	2,303,635	10,430,909	1,951,964	-	10,050,053	28,536,089
Charge for the year (Note 7)	100,470	-	318,198	144,500	1,056,995	401,657	-	702,703	2,724,523
Disposals	-	-	(26,586)	(9,385)	(566,031)	(213,353)	-	(19,823)	(835,178)
Write off	-	-	-	(5,579)	(2,200)	-	-	(8,399)	(16,178)
Disposal of subsidiary	-	-	-	(36,045)	-	-	-	(74,601)	(110,646)
Exchange differences	-	-	-	-	-	370	-	(14,835)	(14,465)
At 30 September 2010	1,116,673	-	3,074,937	2,397,126	10,919,673	2,140,638	-	10,635,098	30,284,145
At 1 October 2010									
As previously stated	-	-	3,074,937	2,397,126	10,919,673	2,140,638	-	10,635,098	29,167,472
Effects of adopting amendments to FRS 117	1,116,673	-	-	-	-	-	-	-	1,116,673
As restated	1,116,673	-	3,074,937	2,397,126	10,919,673	2,140,638	-	10,635,098	30,284,145
Reclassification	-	-	-	(425,741)	-	(2)	-	425,743	-
Impairment loss recognised in profit and loss (Note 7)	-	-	(384,314)	-	-	-	-	-	(384,314)
Charge for the year (Note 7)	94,792	-	314,965	69,818	1,018,198	434,257	-	564,327	2,496,357
Disposals	(124,749)	-	(68,061)	-	(673,200)	(317,543)	-	(90,000)	(1,273,553)
Write off	-	-	-	(1,409,754)	(1,912,907)	-	-	(5,800,414)	(9,123,075)
Exchange differences	-	-	-	91	-	2,660	-	13,334	16,085
At 30 September 2011	1,086,716	-	2,937,527	631,540	9,351,764	2,260,010	-	5,748,088	22,015,645

PPGB Annual Rpt 2011.indd 72 2/17/12 12:48 PM

12. Property, plant and equipment (cont'd)

Group	Leasehold land RM	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Capital work-in-progress RM	* Others RM	Total RM
Net carrying amount :									
At 30 September 2010	8,749,259	1,409,089	13,524,424	233,348	4,091,467	1,332,632	-	1,774,410	31,114,629
At 30 September 2011	8,012,461	5,588,623	13,217,923	154,231	3,791,700	1,248,924	53,065	1,603,916	33,670,843

* Included in other assets are photographic equipment, heavy equipment, electrical installation, office equipment, security protection equipment, tools and equipment, tele-communication equipment, furniture and fittings, staff amenities and computers.

PPGB Annual Rpt 2011.indd 73 2/17/12 12:48 PM

12. Property, plant and equipment (cont'd)

Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM455,000 (2010: RM719,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM5,344,454 (2010: RM1,197,537).

The carrying amount of property, plant and equipment held under finance leases at the reporting date were as follows:

	Group	
	2011	**2010**
	RM	**RM**
Motor vehicles	871,842	1,053,265
Plant and machinery	1,184,476	1,454,397
	2,056,318	2,507,662

Leased assets are pledged as security for the related finance lease liabilities (Note 21).

Assets pledged as security

Save for the assets held under finance lease, the net carrying amount of property, plant and equipment pledged for borrowings as referred to in Note 21, are as follows:

	Group	
	2011	**2010**
	RM	**RM**
Freehold land	4,179,534	310,860
Leasehold land	7,642,945	-
Buildings	10,702,476	11,905,291
	22,524,955	12,216,151

Capitalisation of borrowing costs

Borrowing cost capitalised in freehold land of the Group during the year amounted to RM32,249 (2010 : RM Nil).

PPGB Annual Rpt 2011.indd 74 2/17/12 12:48 PM

13. Investment properties

	Group	
	2011 RM	2010 RM
Cost		
At 1 October and 30 September		
Freehold land	1,952,980	1,952,980
Fair value of investment properties	2,000,000	2,000,000

The investment properties are pledged to financial institutions for bank borrowings as referred to in Note 21.

14. Investment in subsidiaries

	Company	
	2011 RM	2010 RM
Unquoted shares, at cost		
In Malaysia	33,598,038	33,598,036
Outside Malaysia	12,217	9,769
	33,610,255	33,607,805
Impairment losses	(272,458)	-
	33,337,797	33,607,805

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2011	2010
Penerbitan Pelangi Sdn. Bhd.	Malaysia	Publishing and distribution of books and other educational materials and sale of publishing rights.	100	100
Tunas Pelangi Sdn. Bhd.	Malaysia	Publishing and distribution of books and other educational materials and sale of publishing rights.	100	100
Pelangi Publishing Holding Sdn. Bhd.*	Malaysia	Investment holding.	100	100
Pelangi Publishing International Sdn. Bhd.	Malaysia	Investment holding.	100	100
Sutera Ceria Sdn. Bhd.	Malaysia	Property letting and property management.	100	100

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2011	2010
Pelangi Education Sdn. Bhd.	Malaysia	Educational services.	100	100
Cai Hong (Hong Kong) Investment Private Limited *	Hong Kong	Dormant.	100	100
Dickens Publishing Ltd *	England	Dormant.	100	100
Pelangi Publishing Singapore Pte Ltd *	Singapore	Dormant	100	-
Pelangi Epublishing Sdn. Bhd. *	Malaysia	Distribution and provider of e-learning material, equipment and multimedia related products	100	-
Held through Penerbitan Pelangi Sdn. Bhd.:				
Comtech Marketing Sdn. Bhd.	Malaysia	Provision of typesetting and printing services.	100	100
Pelangi Formpress Sdn. Bhd.	Malaysia	Printing of computer forms and other types of printing services.	100	100
Pelangi Comics Sdn. Bhd.	Malaysia	Publishing, designing and distribution of educational comic books.	63	70
Pelangi Novel Sdn. Bhd.	Malaysia	Publishing and distribution of novel books.	100	100
Elite Corridor Sdn. Bhd.	Malaysia	Investment holding, property letting and property management.	100	100
Held through Pelangi Publishing Holding Sdn. Bhd.:				
The Commercial Press Sdn. Bhd. *	Malaysia	Provision of printing services.	100	90

PPGB Annual Rpt 2011.indd 76 2/17/12 12:48 PM

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2011	2010
Held through Pelangi Publishing Holding Sdn. Bhd. (cont'd):				
Pelangi Multimedia Technologies Sdn. Bhd. *	Malaysia	Multimedia and graphic designing and the production of educational CD-ROMS and related IT products.	62	62
Held through Pelangi Multimedia Technologies Sdn. Bhd.:				
Pelangi Kids Sdn. Bhd. *	Malaysia	Educational services	100	100
Held through Pelangi Publishing International Sdn. Bhd.:				
P.T. Penerbitan Pelangi Indonesia *	Indonesia	Production and distribution of books, educational materials, multimedia and web related products.	95	95
Pelangi Publishing (Thailand) Co. Ltd. * @	Thailand	Production and distribution of books, educational materials, multimedia and web related products and serve as agencies and licensing to publish, print and distribute books and educational materials.	80	80

* Audited by firms of auditors other than Ernst & Young
@ Effective interest computed based on ordinary shares

Acquisition of minority interest

On 17 January 2011, Pelangi Publishing Holding Sdn. Bhd. ("PPHSB"), acquired an additional 10% equity interest in The Commercial Press Sdn. Bhd. ("TCPSB") from its minority interest for a cash consideration of RM250,000. As a result of this acquisition, TCPSB became a wholly-owned subsidiary of PPHSB. On the date of acquisiton, the carrying value of the additional interest acquired was RM280,892. The difference between the consideration and the book value of the interest acquired of RM30,892 is reflected in the retained earnings as a gain on acquisiton of minority interest.

PPGB Annual Rpt 2011.indd 77 2/17/12 12:48 PM

14. Investment in subsidiaries (cont'd)

Disposal of equity stake in subsidiary

On 18 May 2011, Penerbitan Pelangi Sdn. Bhd. ("PPSB"), disposed a 7% equity interest in its subsidiary, Pelangi Comics Sdn. Bhd. ("PCSB") to its related parties for a cash consideration of RM7,000. As a result of this disposal, the equity interest held by PPSB in PCSB is reduced from 70% to 63%. On the date of disposal, the carrying value of the interest disposed was RM7,935. The difference between the consideration and the book value of the interest disposed of RM935 is reflected in the retained earnings as a loss on disposal of equity stake in subsidiary.

15. Investment in associates

	Group		Company	
	2011	2010	2011	2010
Group	**RM**	**RM**	**RM**	**RM**
Unquoted shares, at cost				
In Malaysia	30,000	30,000	-	-
Outside Malaysia	369,907	369,907	369,907	369,907
	399,907	399,907	369,907	369,907
Less : Provision for impairment loss	(29,999)	(29,999)	-	-
	369,908	369,908	369,907	369,907
Share of post acquisition reserve	(278,358)	(202,191)	-	-
Exchange differences	(5,704)	-	-	-
	85,846	167,717	369,907	369,907

Name	Country of incorporation	Principal activities	Equity interest held (%) 2011	2010
Held by the Company				
Pelangi Smart Kids Culture Media Pte. Ltd. , Hebei	China	Production of academic, children and general titles and multimedia related products for the China market.	40	40
Held through Pelangi Publishing Holding Sdn. Bhd.				
Pelangi Multimedia Sdn. Bhd.	Malaysia	Web page, CD-ROM designers and distribution and sale of all kind of interest and multimedia related products.	30	30

15. Investment in associates (cont'd)

The summarised financial information of the associates are as follows:

	2011 RM	2010 RM
Assets and liabilities:		
Current assets	2,695,494	1,497,658
Non-current assets	27,531	257,142
Total assets	2,723,025	1,754,800
Current liabilities	3,066,988	1,392,415
Non-current liabilities	-	-
Total liabilities	3,066,988	1,392,415
Results:		
Revenue	788,885	451,184
Loss for the year	(169,797)	(152,198)

16. Other investments

	Group	
	2011 RM	2010 RM
Club memberships	26,200	26,200
Available-for-sale financial asset:		
Carrying amount of quoted shares	366	290
	26,566	26,490
Market value of quoted shares	366	355

17. Intangible assets

Group	Goodwill RM	Development cost RM	Total RM
Cost			
At 1 October 2010/30 September 2011	1,266,752	559,847	1,826,599
Accumulated amortisation and impairment			
At 1 October 2010/30 September 2011	1,266,752	559,847	1,826,599
Net carrying amount			
At 1 October 2010/30 September 2011	-	-	-

18. Inventories

	Group	
	2011	2010
	RM	RM
Cost		
Raw materials	6,665,177	5,307,901
Work in progress	32,027	22,519
Finished goods	21,640,220	19,329,787
	28,337,424	24,660,207

19. Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Trade receivables				
Third parties	16,490,725	12,717,482	-	-
Less: Allowance for impairment	(2,392,832)	(1,461,659)		
Trade receivables, net	14,097,893	11,255,823	-	-
Other receivables				
Amount due from subsidiaries	-	-	15,862,656	13,522,628
Amount due from associates	7,081	6,900	181	-
Refundable deposits	533,324	483,935	1,000	1,000
Sundry debtors	2,216,842	858,922	4,000	4,000
	2,757,247	1,349,757	15,867,837	13,527,628
Less: Allowance for impairment	(49,690)	-	-	-
	2,707,557	1,349,757	15,867,837	13,527,628
Total trade and other receivables	16,805,450	12,605,580	15,867,837	13,527,628
Add: Cash and bank balances (Note 20)	18,333,848	22,911,802	2,433,187	3,372,773
Total loans and receivables	35,139,298	35,517,382	18,301,024	16,900,401

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2010: 30 to 90 days) terms, although in practice, this may extend to 120 days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original certificated or invoiced amounts which represent their fair values on initial recognition.

PPGB Annual Rpt 2011.indd 80 2/17/12 12:48 PM

19. Trade and other receivables (cont'd)

Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2011 RM	2010 RM
Neither past due nor impaired	9,127,707	7,240,087
1 to 30 days past due not impaired	1,051,222	860,436
31 to 60 days past due not impaired	495,701	523,056
61 to 90 days past due not impaired	762,818	366,758
91 to 120 days past due not impaired	389,961	363,340
More than 121 days past due not impaired	720,229	750,783
	3,419,931	2,864,373
Impaired	3,943,087	2,613,022
	16,490,725	12,717,482

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM3,419,931 (2010 : RM2,864,373) that are past due at the reporting date but not impaired and are not secured by any collateral or credit enhancements.

The management is confident that the balance of receivables that are past due but not impaired are recoverable as these accounts are still active.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2011 RM	2010 RM
Trade receivables - nominal amounts	3,943,087	2,613,022
Less: Allowance for impairment	(2,392,832)	(1,461,659)
	1,550,255	1,151,363

PPGB Annual Rpt 2011.indd 81 2/17/12 12:48 PM

19. Trade and other receivables (cont'd)

Movement in allowance accounts :

	2011 RM	2010 RM
At 1 October	1,461,659	1,639,619
Charge for the year (Note 7)	1,501,827	693,554
Impairment loss on trade receivables recovered (Note 7)	(404,542)	(198,929)
Impairment loss on trade receivables written back (Note 7)	(181,780)	(685,570)
Exchange differences	15,668	12,985
At 30 September	2,392,832	1,461,659

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Related party balances

Amount due from subsidiaries and associates are unsecured, interest free and repayable on demand.

Further details on related party transactions are disclosed in Note 27.

Other information on financial risks of trade and other receivables is disclosed in Note 30.

20. Cash and bank balances

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash on hand and at banks	10,922,075	9,950,563	1,362,722	1,298,028
Short term deposits with licensed banks	7,411,773	12,961,239	1,070,465	2,074,745
Cash and bank balances	18,333,848	22,911,802	2,433,187	3,372,773
Less: Bank overdraft (Note 21)	(7,394)	-	-	-
Cash and cash equivalents	18,326,454	22,911,802	2,433,187	3,372,773

Included in cash at banks are amounts of RM232,665 (2009 : RM1,186,981) held under the Investment Cash Management Trust for the investment of the Company's funds as a short term investment. There are no restrictions on the Company's funds.

PPGB Annual Rpt 2011.indd 82 2/17/12 12:48 PM

20. Cash and bank balances (cont'd)

The interest rate of short term deposits with licensed banks at the reporting date of the Group and the Company were between 1.5% to 3.1% (2010 : 1.5% to 2.9%) and 3.05% (2010 : 3.05%) respectively.

Short-term deposits with licensed banks of the Group amounting to RM200,000 (2010: RM200,000) are pledged as securities for borrowings (Note 21).

The average maturity of fixed deposits with licensed banks as at the end of the financial year of the Group and the Company ranged from 4 to 24 days (2010 : 4 to 20 days) and 12 days (2010 : 10 days) respectively.

21. Loans and borrowings

		Group	
	Maturity	**2011**	**2010**
		RM	**RM**
Current			
Secured:			
Bank overdraft (Note 20)	2012	7,394	-
Term loans	2012	1,061,958	923,553
Obligations under finance leases (Note 28 (c))	2012	528,905	587,195
		1,598,257	1,510,748
Non-current			
Secured:			
Term loans	2014 - 2026	5,905,905	3,924,551
Obligations under finance leases (Note 28 (c))	2012 - 2014	538,943	673,049
		6,444,848	4,597,600
Total loans and borrowings		8,043,105	6,108,348

The remaining maturities of the loans and borrowings as at 30 September 2011 are as follows:

	Group	
	2011	**2010**
	RM	**RM**
On demand or within one year	1,598,257	1,510,748
More than 1 year and less than 2 years	1,534,425	1,349,334
More than 2 years and less than 5 years	2,522,787	2,699,328
5 years or more	2,387,636	548,938
	8,043,105	6,108,348

21. Loans and borrowings (cont'd)

Obligations under finance leases

These obligations are secured by a pledge over the leased assets (Note 12). The discount rate implicit in the leases are between 3.20% to 7.60% p.a. (2010 : 4.00% to 11.49% p.a.).

Term loans

The interest rates at the reporting date were as follows:

	Group	
	2011	2010
	%	%
Term loans	4.00 to 7.60	4.00 to 11.49

The term loans together with bank guarantee facility are secured by :

(a) First legal charge over certain freehold and leasehold land and buildings as disclosed in Note 12 and Note 13;

(b) Pledge of fixed deposit amounting to RM200,000 belonging to a subsidiary, as disclosed in Note 20; and

(c) Corporate guarantees by the Company.

22. Trade and other payables

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Current				
Trade payables				
Third parties	4,097,485	2,106,206	-	-
Associate	2,355	-	-	-
	4,099,840	2,106,206	-	-
Other payables				
Amount due to subsidiary companies	-	-	4,274	1,274
Amount due to directors	306,050	306,050	-	-
Accrued operating expenses	1,620,781	1,636,639	96,500	146,540
Other payables	6,766,039	5,387,153	38,115	31,836
	8,692,870	7,329,842	138,889	179,650
Total trade and other payables	12,792,710	9,436,048	138,889	179,650
Add: Loans and borrowings (Note 21)	8,043,105	6,108,348	-	-
Total financial liabilities carried at amortised cost	20,835,815	15,544,396	138,889	179,650

PPGB Annual Rpt 2011.indd 84 2/17/12 12:48 PM

22. Trade and other payables (cont'd)

(a) Trade payables

This amount is non-interest bearing. Trade payables are normally settled on 30 to 90 days (2010 : 30 to 90 days) terms.

(b) Other payables

This amount is non-interest bearing.

(c) Amount due to directors

This amount is unsecured, non-interest bearing and repayable on demand.

(d) Amount due to subsidiary companies

This amount is unsecured, non-interest bearing and repayable on demand.

PPGB Annual Rpt 2011.indd 85 2/17/12 12:48 PM

23. Deferred taxation

Deferred income tax as at 30 September relates to the following:

Group	As at 1 October 2009 RM	Recognised in profit or loss RM	As at 30 September 2010 RM	Recognised in profit or loss RM	Re-classification RM	Exchange differences RM	As at 30 September 2011 RM
Deferred tax liability of the Group:							
Property, plant and equipment	1,614,597	175,655	1,790,252	(185,615)	-	-	1,604,637
Deferred tax assets of the Group:							
Trade receivables	(268,600)	(86,800)	(355,400)	(265,708)	139,500	-	(481,608)
Other payables	(1,408,100)	115,100	(1,293,000)	(249,169)	(230,978)	(4,707)	(1,777,854)
Unutilised tax credits	(618,533)	(83,296)	(701,829)	409,652	91,478	(15,789)	(216,488)
	(2,295,233)	(54,996)	(2,350,229)	(105,225)	-	(20,496)	(2,475,950)
	(680,636)	120,659	(559,977)	(290,840)	-	(20,496)	(871,313)
Deferred tax liability of the Company:							
Dividend receivable	500,000	-	500,000	(500,000)	-	-	-

PPGB Annual Rpt 2011.indd 86 2/17/12 12:48 PM

23. Deferred taxation (cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2011 RM	2010 RM
Unutilised tax losses	2,893,115	3,053,826
Unabsorbed reinvestment allowances	5,373,618	5,180,840
Unabsorbed capital allowances	974,128	2,365,695
	9,240,861	10,600,361

24. Share capital and share premium

	Group and Company				
	Number of ordinary shares of RM0.50 each	Amount			
Company	Share capital (Issued and fully paid)	Share capital (Issued and fully paid) RM	Treasury shares RM	Share premium RM	Total RM
At 1 October 2009	80,000,000	40,000,000	-	3,162,051	43,162,051
Bonus share issue	20,000,000	10,000,000	-	(3,162,051)	6,837,949
Purchase of treasury shares	-	-	(592,418)	-	(592,418)
At 30 September 2010 and 1 October 2010	100,000,000	50,000,000	(592,418)	-	49,407,582
Purchase of treasury shares	-	-	(815,184)	-	(815,184)
At 30 September 2011	100,000,000	50,000,000	(1,407,602)	-	48,592,398

	Number of ordinary shares of RM0.50 each		Amount	
	2011	2010	2011 RM	2010 RM
Authorised share capital				
At 1 October and 30 September	200,000,000	200,000,000	100,000,000	100,000,000

24. Share capital and share premium (cont'd)

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

At the extraordinary general meeting of the Company held on 26 May 2010, the shareholders approved the share buy-back of up to 10% or up to 10,000,000 ordinary shares of the enlarged issued and paid-up share capital of the Company.

The Company acquired 1,803,700 (2010 : 1,467,400) shares in the Company through purchases on Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM815,184 (2010 : RM592,418) and this is presented as a component within the shareholders' equity.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

25. Other reserves

Fair value reserve

The fair value reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed of or impaired.

Foreign exchange reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from that of the Group's presentation currency.

PPGB Annual Rpt 2011.indd 88 2/17/12 12:48 PM

26. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 September 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 September 2011, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

27. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions of the Group and of the Company with related parties took place at terms agreed between the parties during the financial year are as follows :

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Dividend income received from subsidiaries	-	-	5,333,333	2,000,000
Multimedia fees paid to subsidiary:				
- Pelangi Multimedia Technologies Sdn. Bhd.	-	-	3,000	-
Printing expenses from subsidiary:				
- Comtech Marketing Sdn. Bhd.	-	-	4,317	-
Purchase from associate:				
- Pelangi Smart Kids Culture Media Pte Ltd, Hebei	-	22,063	-	-
Rental expenses to director:				
- Sum Kown Cheek	57,600	57,600	-	-
Rental expenses to director of subsidiary:				
- Loh Hing Chuen	18,000	18,000	-	-
Purchase of papers from related party:				
- New Top Win Corporation Sdn. Bhd.	10,048,037	7,931,258	-	-

28. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2011 RM	2010 RM
Capital expenditure :		
Approved and contracted for :		
Property, plant and equipment	-	139,500

(b) Operating lease commitment - as lessee

The Group has entered into operating lease arrangements on its investment property portfolio. The lease has remaining lease terms of between 2 and 3 years.

Future minimum lease payments receivable under operating leases contracted for as at the reporting date but not recognised as receivable, are as follows:

	Group	
	2011 RM	2010 RM
Not later than 1 year	271,200	1,207,272
Later than 1 year but not later than 5 years	271,200	1,367,672
	542,400	2,574,944

28. Commitments (cont'd)

(c) Finance lease commitments

The Group has finance leases for certain items of plant and equipment (Note 12). These leases do not have terms for renewal, but have purchase options at nominal values at the end of lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2011	**2010**
	RM	**RM**
Minimum lease payments:		
Not later than 1 year	578,220	646,655
Later than 1 year but not later than 2 years	447,285	415,620
Later than 2 years but not later than 5 years	115,691	296,220
Total minimum lease payments	1,141,196	1,358,495
Less: Amounts representing finance charges	(73,348)	(98,251)
Present value of minimum lease payments	1,067,848	1,260,244
Present value of payments:		
Not later than 1 year	528,905	587,195
Later than 1 year but not later than 2 years	426,251	386,788
Later than 2 years but not later than 5 years	112,692	286,261
Present value of minimum lease payments	1,067,848	1,260,244
Less: Amount due within 12 months (Note 21)	(528,905)	(587,195)
Amount due after 12 months (Note 21)	538,943	673,049

29. Fair value of financial instruments

The carrying amounts of trade and other receivables, related companies, cash and bank balances, trade and other payables, loans and borrowings of the Group and of the Company at the reporting date approximate fair values due to the relatively short term or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

PPGB Annual Rpt 2011.indd 91 2/17/12 12:48 PM

30. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Management. The audit committee provides independent oversight to the effectiveness of the risk management process.

The Group and the Company do not undertake any trading of derivative financial instruments.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company minimise and monitor their credit risk by strictly limiting the Group's and Company's associations to business partners with high credit worthiness. Receivable balances are monitored on an ongoing basis.

The Group and the Company do not have any significant exposure to any individual customers or counterparties nor does it have any major concentration of credit risk related to any financial instruments.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

PPGB Annual Rpt 2011.indd 92 2/17/12 12:48 PM

30. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To ensure continuity of funding, the Group's and the Company's policy is to manage the debt maturity profile, operating cash flows and the availability of funding to support the operating cycle of the business.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2011			
Group	**On demand or within one year RM**	**One to five years RM**	**More than five years RM**	**Total RM**
Financial liabilities:				
Trade and other payables	12,792,710	-	-	12,792,710
Obligations under finance lease	578,220	562,976	-	1,141,196
Term loans	1,447,793	4,435,399	3,094,619	8,977,811
Total undiscounted financial liabilities	14,818,723	4,998,375	3,094,619	22,911,717

Company	**2011 On demand or within one year RM**
Financial liabilities:	
Trade and other payables	138,889
Corporate guarantee given to financial institutions for banking facilitiers granted to subsidiaries	3,783,634
Total undiscounted financial liabilities	3,922,523

PPGB Annual Rpt 2011.indd 93 2/17/12 12:48 PM

30. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and Company's exposure to interest rate risk arises primarily from interest bearing borrowings. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM9,331 lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group's entities. The foreign currency in which these transactions are denominated are mainly Singapore Dollars ("SGD") and US Dollar ("USD"). The Group did not enter into any forward currency contracts during the financial years ended 30 September 2011 and 2010.

The Group is also exposed to currency translation risk arising from its investments in foreign operations.

PPGB Annual Rpt 2011.indd 94 2/17/12 12:48 PM

30. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis of foreign exchange rate changes

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the SGD and USD exchange rates against RM, with all other variables held constant.

		Profit net of tax	
		Group 2011 RM	Company 2011 RM
SGD/RM	- strengthened 3%	557	-
	- weakened 3%	557	-
USD/RM	- strengthened 3%	590	30
	- weakened 3%	590	30

31. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 September 2011 and 2010.

The Group is not subject to any externally imposed capital requirements.

PPGB Annual Rpt 2011.indd 95 2/17/12 12:48 PM

32. Segment Information

(a) Business segments

For management purposes, the Group is organised into business units based on their products, and has three reportable operating segments as follows:

(i) Publishing and production
(ii) Printing
(iii) Education

Other business segment includes rental and other investment income.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

PPGB Annual Rpt 2011.indd 96 2/17/12 12:48 PM

32. Segment Information (cont'd)

At 30 September 2011	Publishing and production RM	Printing RM	Education RM	Others RM	Eliminations RM	Total RM
Revenue:						
External customers	41,122,270	10,713,214	946,205	276,046	-	53,057,735
Inter-segment	2,672,402	3,436,750	472,863	6,169,908	(12,751,923)	-
Total revenue	43,794,672	14,149,964	1,419,068	6,445,954	(12,751,923)	53,057,735
Results:						
Segment results	4,002,266	1,463,290	(288,881)	338,593	-	5,515,268
Finance costs						(347,187)
Share of results of associates						(76,167)
Taxation						(1,487,706)
Net profit for the year						3,604,208
Assets:						
Segment assets	62,730,107	16,690,299	1,017,578	23,523,860	-	103,961,844
Investment in associates	-	-	-	85,846	-	85,846
						104,047,690
Liabilities:						
Segment liabilities	11,996,498	5,024,044	271,809	5,323,938	-	22,616,289

PPGB Annual Rpt 2011.indd 97 2/17/12 12:48 PM

32. Segment Information (cont'd)

At 30 September 2010	Publishing and production RM	Printing RM	Education RM	Others RM	Eliminations RM	Total RM
Revenue:						
External customers	39,703,350	10,104,920	491,237	320,832	-	50,620,339
Inter-segment	3,456,967	2,521,864	672,112	2,705,672	(9,356,615)	-
Total revenue	43,160,317	12,626,784	1,163,349	3,026,504	(9,356,615)	50,620,339
Results:						
Segment results	6,599,215	407,906	(435,773)	178,924	-	6,750,272
Finance costs						(403,786)
Share of results of associates						(60,879)
Taxation						(2,348,584)
Net profit for the year						3,937,023
Assets:						
Segment assets	58,448,744	13,387,810	1,438,328	24,435,656	-	97,710,538
Investment in associates	-	-	-	167,717	-	167,717
						97,878,255
Liabilities:						
Segment liabilities	7,703,486	3,463,100	220,718	6,126,522	-	17,513,826

(b) Geographical segments

Segment information by geographical location has not been prepared as the Group's operations are predominantly located in Malaysia.

PPGB Annual Rpt 2011.indd 98 2/17/12 12:48 PM

33. Dividends

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Recognised during the financial year:				
Dividends on ordinary shares:				
- Final dividend for 2010: 1.50 sen (2009: 1.78 sen) per share	1,450,933	1,424,997	1,450,933	1,424,997
Proposed but not recognised as a liability as at 30 September:				
Dividends on ordinary shares, subject to shareholders' approval at the AGM:				
- Final dividend for 2011: 1.50 sen (2010: 1.50 sen) per share	1,450,933	1,450,933	1,450,933	1,450,933

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 September 2011 of 4.00% less 25% taxation on 96,728,900 ordinary shares, amounting to a dividend payable of RM1,450,933 (1.50 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. 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 2012.

34. Authorisation of financial statements for issue

The financial statements for the year ended 30 September 2011 were authorised for issue in accordance with a resolution of the directors on 16 January 2012.

PPGB Annual Rpt 2011.indd 99 2/17/12 12:48 PM

35. Supplementary Information - Breakdown of Retained profits into Realised and Unrealised

The breakdown of the retained profits of the Group and of the Company as at 30 September 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2011 RM	Company 2011 RM
Total retained profits		
- Realised	58,118,048	3,368,911
- Unrealised	871,313	-
	58,989,361	3,368,911
Associated companies		
Realised	(284,062)	-
	58,705,299	3,368,911
Less: Consolidation adjustments	(25,656,080)	-
Retained earnings as per financial statements	33,049,219	3,368,911

PPGB Annual Rpt 2011.indd 100 2/17/12 12:48 PM

LIST OF PROPERTIES

The details of landed properties owned by the Company as at 30 September, 2011 are as follows :-

Registered Owner	Title / Location	Description	Existing use	Land area (sq. ft) / Built-up area (sq. ft)	Tenure From / to	Approximate Age of Building (years)	Net Book Value As at 30/9/2011 (RM)	Date of Acquisition
PPSB	HS (D) 40328 PTD 18339 Mukim of Plentong	3 Storey Shophouse 66, 66A & 66B, Jalan Pingai Taman Pelangi 80400 Johor Bahru	Commercial	1,920 sq. ft.	Freehold	25	148,498	1986
	HS (D) 40327 PTD 18338 Mukim of Plentong	3 Storey Shophouse 64, 64A & 64B, Jalan Pingai Taman Pelangi 80400 Johor Bahru	Commercial	1,920 sq. ft.	Freehold	23	146,664	1988
	HS (D) 14840 PTD 11822 Mukim of Plentong	Double Storey Terrace House (Corner) 2, Jalan Ungu 5 Taman Pelangi 80400 Johor Bahru	Residential	3,558 sq. st.	Freehold	19	117,294	1992
	HS (D) 40405 PTD 18416 Mukim of Plentong	Double Storey Terrace House No. 28 Jalan Kuning Muda 5 Taman Pelangi 80400 Johor Bahru	Residential	1,760 sq. ft.	Freehold	10	287,470	2001
	HS (M) 18909 PTD 14671 Lot 191 Mukim of Plentong	Double Storey Terrace House 28, Jalan SR 8/12 Taman Putra Indah Seri Kembangan Selangor	Residential	1,300 sq.ft.	Leasehold Expiring on 23/09/2090	18	99,201	1993

PPGB Annual Rpt 2011.indd 101 2/17/12 12:48 PM

Registered Owner	Title / Location	Description	Existing use	Land area (sq. ft) / Built-up area (sq. ft)	Tenure From / to	Approximate Age of Building (years)	Net Book Value As at 30/9/2011 (RM)	Date of Acquisition
PPSB […con't]	Lot 82 HS (D) 52815 PT 40964 Mukim of Bandar Baru Bangi	1 1/2 Storey Terrace Factory No. 8, Jalan P/18 Taman Industri Selaman, Seksyen 10 Bandar Baru Bangi 43650 Bangi, Selangor	Industrial	Lot size = 3,998 sq.ft. Built -up area = 5,059 sq. ft.	Leasehold Expiring on 19/08/2098	13	495,877	1998
	Mukim of Kajang Daerah Hulu Langat	Double Storey Terrace House (Corner Lot) Unit No: M066 Type - Impian, Seksyen 8 Bandar Baru Bangi	Residential	3,197 sq. ft.	Leasehold Expiring on 29/10/2101	7	279,246	2004
	Mukim of Kajang Daerah Hulu Langat	Double Storey Terrace House Unit No: M068 Type - Impian, Seksyen 8 Bandar Baru Bangi	Residential	1,302 sq. ft.	Leasehold Expiring on 29/10/2101	7	175,949	2004
	HS (M) 31435 PT 34544 Lot 45 Mukim Of Kuantan	Double Storey Terrace House No.9, Lorong Seri Setali 10 Taman Sri Galing 25300 Kuantan, Pahang	Residential	1,539 sq. ft.	Freehold	14	93,541	1997
	Geran 31252 Lot 18369 Mukim of Sg. Pasir, Kedah	Single Storey Medium Cost Terrace House G319, Lorong 29 Taman Sejati Indah 08000 Sg. Petani Kedah	Residential	1,302 sq. ft.	Freehold	12	64,160	1999

PPGB Annual Rpt 2011.indd 102 2/17/12 12:48 PM

Registered Owner	Title / Location	Description	Existing use	Land area (sq. ft) / Built-up area (sq. ft)	Tenure From / to	Approximate Age of Building (years)	Net Book Value As at 30/9/2011 (RM)	Date of Acquisition
PPSB […con't]	PN24102 Lot No:182456 Mukim Of Plentong	B01-02, Block B, The Oasis @ Bayu Puteri 3, Jalan Bayu Puteri 2, Taman Bayu Puteri, 80150 Johor Bahru	Residential	1,172 sq. ft.	Leasehold expiring on 1/21/2097	2	192,053	2010
	HSD457869 PTD202590 Mukim Of Plentong	Lot No:188475 GRN436574 Kawasan Perindustrial, Mukim Plentong, Daerah Johor Bahru	Industrial	44,433 sq. ft.	Freehold	-	1,370,680	2011
SCSB	H.S. (D) 52696 PT40845 Daerah Hulu Langat, Selangor	Lot 8, Jalan P10/10 Kawasan Perusahaan Bangi, Bandar Baru Bangi, 43650 Bangi Selangor	Industrial	294,069 sq. ft.	Leasehold Expiring on 19/08/2098	11	17,890,223	2000
TPSB	HS (D) 40329 PTD 18340 Mukim of Plentong	3 Storey Shophouse 68, 68A & 68B, Jalan Pingai, Taman Pelangi 80400 Johor Bahru	Commercial	1,920 sq. ft.	Freehold	14	818,012	1997
	HS (D) 85916 PT 48344 Mukim of Plentong	1 1/2 Storey Terrace Factory 10 Jalan Ros Merah 1/4 Taman Johor Jaya 81000 Johor Bahru	Industrial	4,800 sq. ft.	Freehold	19	281,915	1992
	K-8-25 Mukim of Kajang	Kenaria Condominium K-08-25, Taman Sri Kenari Fasa 2, Kajang Selangor	Residential	850 sq. ft.	Leasehold Expiring on 11/04/2099	12	83,906	1999

PPGB Annual Rpt 2011.indd 103 2/17/12 12:48 PM

Registered Owner	Title / Location	Description	Existing use	Land area (sq. ft) / Built-up area (sq. ft)	Tenure From / to	Approximate Age of Building (years)	Net Book Value As at 30/9/2011 (RM)	Date of Acquisition
TPSB […con't]	Lot 81 Mukim of Kajang HS (D) 52816 PTD 40965	Terrace Factory Lot 81, 10 Jalan P/18 Taman Industri Selaman Seksyen 10, Bandar Baru Bangi, Selangor	Industrial	Lot size = 3,998 sq. ft. Built-up area =5,060 sq. ft.	Leasehold Expiring on 19/7/2098	15	285,085	1996
ECSB	HS (D) 196839 PTD 109167 Mukim of Plentong	Freehold Land Kawasan MIEL Bandar Baru Seri Alam Phase VIII	Industrial	77,511 sq. ft.	Freehold	-	1,952,980	1997
CMSB	HS(D) 85917 PTD 48345 Mukim of Plentong	1 1/2 Storey Terrace Factory 8 Jalan Rosmerah 1/4 Taman Johor Jaya 81100 Johor Bahru	Industrial	4,800 sq. ft.	Freehold	19	297,733	1992
	HSD 457870 PTD 202591 Mukim of Plentong	Lot No:188476 GRN436575 Kawasan Perindustrial, Mukim Plentong, Daerah Johor Bahru	Industrial	42,959 sq. ft.	Freehold	-	1,369,199	2011
	HSD 457871 PTD 202592 Mukim of Plentong	Lot No:188477 GRN436576 Kawasan Perindustrial, Mukim Plentong, Daerah Johor Bahru	Industrial	45,187 sq. ft.	Freehold	-	1,439,655	2011
PFSB	HS(D) 196765 PTD 109093 Mukim of Plentong	1 1/2 Storey Terrace Factory 16, Jalan Bukit 2 Kawasan MIEL, Seri Alam, 81750 Masai	Industrial	19,800 sq.ft.	Freehold	12	882,646	1999

PPGB Annual Rpt 2011.indd 104 2/17/12 12:48 PM

STATEMENT OF SHAREHOLDINGS

As at 30 January 2012

Authorised capital	:	RM100,000,000-00 divided into 200,000,000 Ordinary Shares of RM0.50 each
Issued and fully paid-up capital	:	RM50,000,000.00
Class of shares	:	Ordinary Shares of RM0.50 each
Voting rights	:	One vote per RM0.50 share

ANALYSIS OF SHAREHOLDINGS

Number of Holders	Holdings	Total Holdings	Percentage of Holdings
42	Less than 100	1,778	0.00
31	100 to 1,000	15,019	0.02
1,179	1,001 to 10,000	3,260,631	3.37
293	10,001 to 100,000	8,763,282	9.08
69	100,001 to less than 5% of issued shares	52,880,472	54.67
3	5% and above of issued shares	31,787,718	32.86
1,626		96,728,900*	100.00

***** Excluding a total of 3,271,100 ordinary shares bought back by Pelangi Publishing Group Bhd and retained as treasury shares.

THIRTY LARGEST SHAREHOLDERS

	Name of shareholder	Number of shares	Percentage of shares
1.	Sum Kown Cheek	21,637,718	22.37
2.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for British and Malayan Trustees Limited	5,150,000	5.32
3.	United Logistics Sdn Bhd	5,000,000	5.17
4.	Chung Shan Kwang	4,625,000	4.78
5.	Fang Mei Sin	4,545,781	4.70
6.	Goh Kheng Jiu	4,000,000	4.14
7.	Sinar Qiqi Sdn. Bhd.	4,000,000	4.14
8.	Lai Swee Chiung	3,437,465	3.55
9.	Lee Kheng Hon	3,434,965	3.55
10.	Lai Chin Heng	3,037,362	3.14
11.	Sam Yuen @ Sam Chin Yan	2,546,612	2.63
12.	Permodalan Nasional Berhad	1,487,000	1.54

PPGB Annual Rpt 2011.indd 105 2/17/12 12:48 PM

	Name of shareholder	Number of shares	Percentage of shares
13.	Lim Kah Eng	1,177,875	1.22
14.	Ang Hwi Lin	1,104,237	1.14
15.	Chin Khuan Meng	865,625	0.89
16	Aw Tar Toon	741,900	0.77
17.	AmanahRaya Trustee Berhad Kumpulan Modal Bumiputra Pahang	736,250	0.76
18.	Cheah Swee Kit	703,750	0.73
19.	Goh Pek Hen	682,500	0.71
20.	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Yeo Seng Chong	625,000	0.65
21.	Tan Kim Chai	612,500	0.63
22.	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Tan Gaik Suan	607,275	0.63
23.	Teh Hui Guan	575,500	0.59
24.	Yee Tan Fatt	562,475	0.58
25.	Chung Shan Meng	500,000	0.52
26.	Chung Shan Yong	500,000	0.52
27.	Chung Soo Cheng	500,000	0.52
28.	Lee Wei Ling	500,000	0.52
29.	M & A Nominee (Asing) Sdn. Bhd. For Thaliman Capital Pty Ltd	500,000	0.52
30.	Loh Siu On	497,875	0.51

SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

Shareholders	No. of Shares			
	Direct	%	Deemed	%
Sum Kown Cheek	21,637,718	22.37	3,437,465[(a)]	3.55
Lai Swee Chiung	3,437,465	3.55	21,637,718[(a)]	22.37
United Logistics Sdn . Bhd.	5,000,000	5.17	–	–
Sam Yuen @ Sam Chin Yan	2,546,612	2.63	5,682,500[(b)]	5.88
Yeoman Capital Management Pte Ltd	224,750	0.23	6,471,150[(c)]	6.69
Yeo Seng Chong	625,000	0.65	6,695,900[(d)]	6.92
Lim Mee Hwa	–	–	6,695,900[(d)]	6.92

(a) Deemed interested by virtue of the shareholding of his/her spouse pursuant to Section 134 of the Companies Act, 1965.
(b) Deemed interested by virtue of his interests in United Logistics Sdn Bhd and the shareholding of his spouse pursuant to Section 134 of the Companies Act, 1965.
(c) Deemed interested by virtue of its indirect interests in DB (Malaysia) Nominee (Asing) Sdn Bhd, HSBC Malaysia Bhd and CIMSEC Nominees (Asing) Sdn Bhd.
(d) Deemed interested by virtue of his/her indirect interests in Yeoman Capital Management Pte Ltd.

DIRECTORS' SHAREHOLDINGS

According to the Register required to be kept under Section 134 of the Companies Act, 1965, the following are the shareholdings of the Directors in the Company:

Directors	No. of Shares			
	Direct Interest	%	Deemed Interest	%
Sum Kown Cheek	21,637,718	22.37	3,437,465 [(a)]	3.55
Sam Yuen @ Sam Chin Yan	2,546,612	2.63	5,682,500 [(b)]	5.88
Lee Kheng Hon	3,343,965	3.55	–	–
Syahriza Binti Senan	13,750	0.01	–	–
Vincent Wong Soon Choy	–	–	–	–
Teh Hui Guan	575,500	0.59	–	–

(a) Deemed interested by virtue of the shareholding of his spouse pursuant to Section 134 of the Companies Act, 1965.
(b) Deemed interested by virtue of his interests in United Logistics Sdn. Bhd. and the shareholding of his spouse pursuant to Section 134 of the Companies Act, 1965.

PPGB Annual Rpt 2011.indd 107 2/17/12 12:48 PM

FORM OF PROXY

I/We _____ of _____

being a member/members of PELANGI PUBLISHING GROUP BHD., hereby appoint _____

_____ of

_____ or failing him,

_____ of _____

_____as my/our proxy to vote for me/us and on my/our behalf at the Tenth Annual General Meeting of the Company to be held at **Palm Resort Berhad, Melati Hall, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor** on **Friday, 23 March, 2012** at **11.00 a.m** and at any adjournment thereof.
My/Our proxy is to vote as indicated below:-

Agenda	Resolution	For	Against
Receive the Audited Financial Statements together with the Reports.			
Approval of Final Dividend.	1		
Approval of Directors' fees.	2		
Re-election of Mr Sum Kown Cheek as Director.	3		
Re-election of Ms Syahriza Binti Senan as Director.	4		
Re-election of Mr Teh Hui Guan as Director.	5		
Re-appointment of Messrs Ernst & Young as Auditors.	6		
Authority to Allot Shares - Section 132D.	7		
Approval for the Proposed Renewal Shareholders' Mandate For Recurrent Related Parties Transactions	8		

Please indicate with a cross (×) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

Dated this _____ day of _____ 2012.

NO. OF SHARES HELD	CDS ACCOUNT

.....
Signature of Member(s)

Note:

a. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and if he is not a Member of the Company, Section 149(1)(b) of the Companies Act, 1965 shall not be applicable.

b. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

c. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

d. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.

e. The instrument appointing the proxy must be deposited at the Company's Registered Office situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.

Please affix stamp

PELANGI PUBLISHING GROUP BHD (593649-H)
c/o Symphony Corporatehouse Sdn Bhd
Suite 6.1A, Level 6, Menara Pelangi,
Jalan Kuning, Taman Pelangi,
80400 Johor Bahru,
Johor.