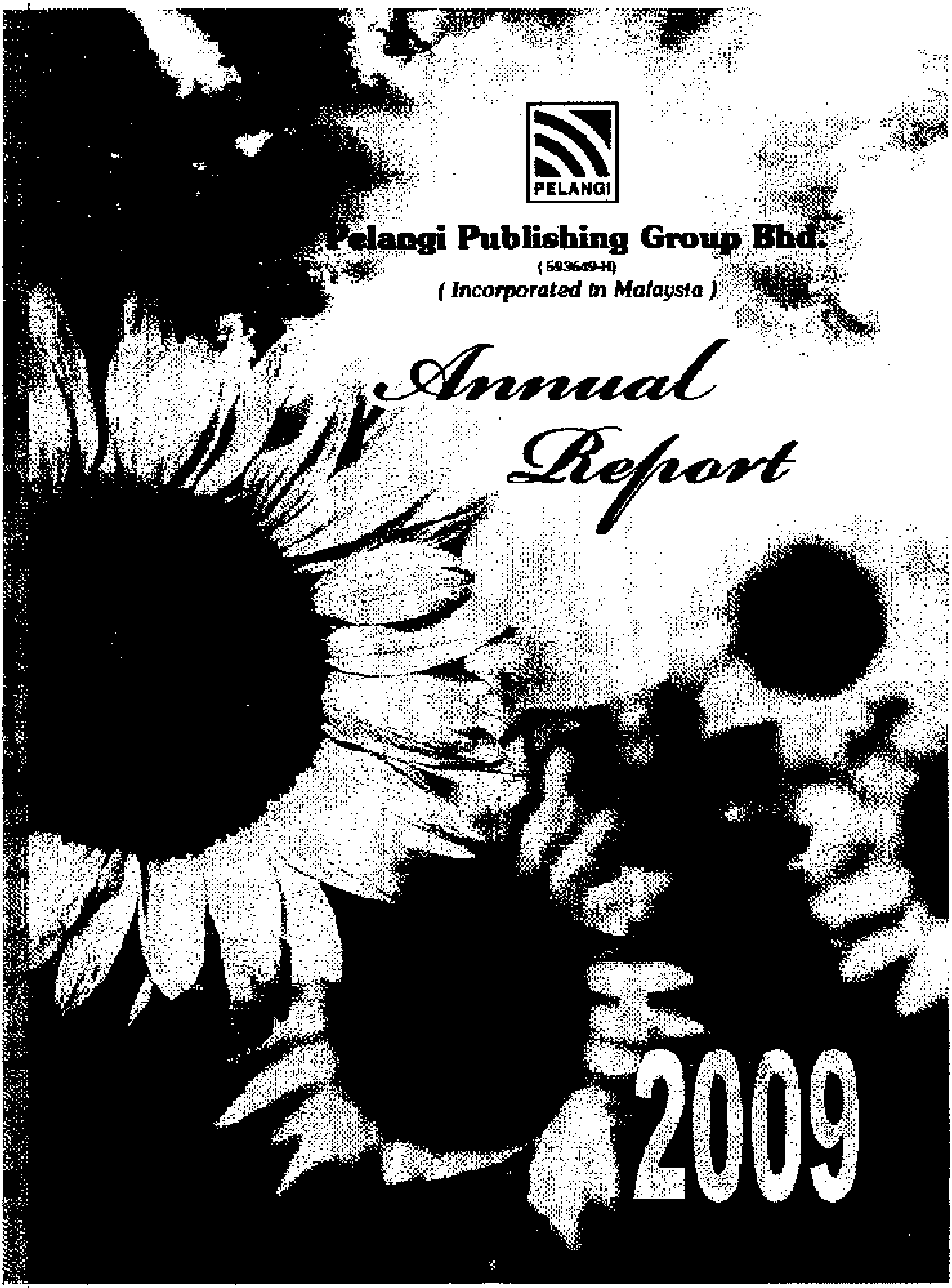

Pelangi Publishing Group Bhd.

(593649-H)

(Incorporated in Malaysia)

Annual Report

2009

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of PELANGI PUBLISHING GROUP BHD. will be held at Melati Hall, Palm Resort Golf & Country Club Malaysia, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor Darul Takzim, Malaysia on Friday, 26 March 2010 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 2009 together with the Directors' and Auditors' Reports thereon. — RESOLUTION 1

2. To approve the payment of final dividend of 4.75% less 25% tax for the financial year ended 30 September 2009. — RESOLUTION 2

3. To approve the payment of Directors' fees for the financial year ended 30 September 2009. — RESOLUTION 3

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 4
   b) Mr Chung Shan Kwang – Article 123 — 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 Ordinary 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

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 3 March 2010 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 Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which such Proposed Renewal of The Existing Shareholders' Mandate for Recurrent Related Party Transactions 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 shall 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 an AGM or Extraordinary General Meeting ("EGM");

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."

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

NOTICE OF DIVIDEND ENTITLEMENT
FINAL DIVIDEND OF 4.75% LESS 25% TAX
NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Eighth Annual General Meeting, the Final Dividend of 4.75% less 25% tax in respect of the year ended 30 September 2009 will be payable on 30 April 2010 to Depositors registered in the Record of Depositors at the close of business on 16 April 2010.

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 16 April 2010 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
3 March 2010

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. Pursuant to Resolution 7

The Proposed Resolution No. 7, 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.

II. Pursuant to Resolution 8

The Proposed RSM under Ordinary Resolution 8 was intended to renew the shareholders' mandate granted by the shareholders of the Company at an Annual General Meeting of the Company held on 27 March 2009.

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 2009.

CORPORATE INFORMATION

DIRECTORS

SUM KOWN CHEEK
(Executive Chairman and Managing Director)

LEE KHENG HON
(Executive Director)

CHUNG SHAN KWANG
(Executive Director)

SYAHRIZA BINTI SENAN
(Independent Non-Executive Director)

SAM YUEN @ SAM CHIN YAN
(Non-Independent Non-Executive Director)

WINSTON PAUL WONG CHI-HUANG
(Independent Non-Executive Director)

VINCENT WONG SOON CHOY
(Alternate to Winston Paul Wong Chi-Huang)
(Independent Non-Executive Director)

SECRETARIES

CHIN NGEOK MUI

LEONG SIEW FOONG

HUAN CHUAN SEN @ AH LOY

AUDIT COMMITTEE MEMBERS

WINSTON PAUL WONG CHI-HUANG
Chairman

SYAHRIZA BINTI SENAN
Member

SAM YUEN @ SAM CHIN YAN
Member

REMUNERATION COMMITTEE MEMBERS

WINSTON PAUL WONG CHI-HUANG
Chairman

SYAHRIZA BINTI SENAN
Member

SUM KOWN CHEEK
Member

NOMINATION COMMITTEE MEMBERS

WINSTON PAUL WONG CHI-HUANG
Chairman

SYAHRIZA BINTI SENAN
Member

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
BLOCK D13, PUSAT DAGANGAN DANA
1, JALAN PJU 1A/46
47301 PETALING JAYA
SELANGOR
TEL: 03-7841 8000
FAX: 03-7841 8008

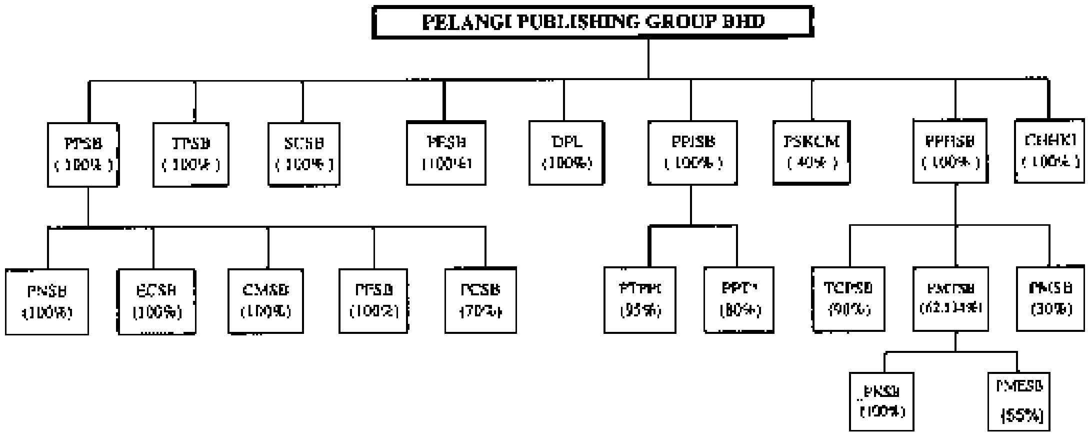
BANKERS

PUBLIC BANK BERHAD
MALAYAN BANKING BERHAD

STOCK EXCHANGE

MAIN MARKET OF THE
BURSA MALAYSIA SECURITIES BERHAD
("Bursa Securities")

CORPORATE STRUCTURE



Abbreviations

PPSB	–	Penerbitan Pelangi Sdn Bhd (89120–H)
TPSB	–	Tunas Pelangi Sdn Bhd (105652–A)
SCSB	–	Sutera Ceria Sdn Bhd (499589–M)
PPISB	–	Pelangi Publishing International Sdn Bhd (517605–P)
PESB	–	Pelangi Education Sdn Bhd (458162–U)
PPHSB	–	Pelangi Publishing Holdings Sdn Bhd (493518–H)
PNSB	–	Pelangi Novel Sdn Bhd (379269–A) (Formerly known as Pelangi Kids Educare Sdn Bhd)
ECSB	–	Elite Corridor Sdn Bhd (431111–V)
CMSB	–	Comtech Marketing Sdn Bhd (104669–W)
DPL	–	Dickens Publishing Ltd. (7033325) (Incorporated on 29 September 2009)
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)
PSKCM	–	Pelangi Smart Kids Culture Media Pte. Ltd., Hebei (1300760346725)
PKSB	–	Pelangi Kids Sdn. Bhd. (692155–U)
PMESB	–	Pelangi Multimedia Education (Puchong) Sdn. Bhd. (747717–W)
CHHKI	–	Cai Hong (Hong Kong) Investment Private Limited

Remark
* Percentage calculated based on Ordinary Shares Issued.

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of the Company, I have the pleasure to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 30 September 2009.

I am proud to inform you that our Group had commemorated its 30th Anniversary at Genting Convention Centre on 27 June 2009.

PERFORMANCE REVIEW

For the financial year ended 30 September 2009, the Group achieved a revenue of RM55.7 million, a decrease of RM7.4 million or 11.7% as compared to RM63.1 million in the previous year.

The decline was mainly due to lower income from the Publishing, Production and Printing divisions. The introduction of the "100% Textbook Loan Scheme" in government schools this year has affected the Publishing and Production divisions while the Printing division was affected by a reduction in orders from publishers.

Nonetheless, the Group recorded a profit before taxation for the year ended 30 September 2009 of RM7.8 million, a slight decrease of RM1.8 million from the previous financial year on the back of this challenging economic conditions.

CORPORATE DEVELOPMENT

In January 2009, the Group, through its wholly-owned subsidiary, PPSB, completed the acquisition of a newly incorporated company, Pelangi Comics Sdn Bhd (PCSB). Subsequently, it has disposed off a 30% equity stake in PCSB to a renowned author of educational comics who has been appointed as a director of PCSB.

In line with the Group's plans to venture into the global market, Pelangi Publishing Group Bhd. (PPGB) incorporated a wholly-owned subsidiary, Dickens Publishing Ltd ("Dickens") in England in September 2009. The incorporation of Dickens will serve as a platform in realizing PPGB's goals to be a world renowned publisher.

DIVIDENDS

The Board is pleased to recommend a final dividend of 4.75% less 25% taxation on 80,000,000 ordinary share amounting to RM1,425,000 (1.78 sen net per ordinary share) for the financial year ended 30 September 2009 for the approval of shareholders at the Company's forthcoming Annual General Meeting.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year under review, the Group continued to actively uphold its values as a responsible corporate citizen through various community and charitable activities with emphasis in the provision of educational books to underprivileged children and charitable homes.

Some of the Corporate Social Responsibility (CSR) activities undertaken by the Group during the financial year were as follows:

i) Donation of story books worth RM50,000 in conjunction with the Group's 30th Anniversary Dinner held at the Genting International Convention Centre on 27 June 2009. The books were donated to low population primary schools to help to bridge the rural and urban education gap;

ii) Presentation of Tunas Pelangi Academic Excellence Award. A Cash incentive of RM30,000 was awarded to a total of 150 pupils who scored 7As in their UPSR exam. This special programme was set up to recognize outstanding academic achievement by Malaysian students;

iii) Donation of school revision books to 103 children of the Shepherd's Centre Foundation in Semenyih, Selangor, in conjunction with the presentation of Tunas Pelangi Academic Education Excellence Awards, a financial assistance programme by the Group; and

iv) With the objective to promote learning awareness and culture in the communities, the Group has sponsored books to Lifelong Learning Centres which was established by the Malaysian Chinese Association (MCA).

AWARD

The Group's continuous commitment to products and service quality has earned us the Best Brands in Educational Products – Books/Multimedia by The BrandLaureate in its SME's Chapter Awards 2009.

This accolade, which is measured based on five stringent criteria namely Brand Strategy, Brand Culture, Integrated Brand Communications, Brand Equity and Brand Performance, is something we are truly proud of and treasure.

This achievement has further strengthened the Pelangi brand name and would indeed catapult us into the international arena.

FUTURE OUTLOOK

For its publishing business in the Malaysian market, the Group will continue to intensify its efforts to enhance the quality and variety of its publications and leverage its brand equity and market presence in a keenly competitive market. We are closely monitoring the Government Transformation Programme (GTP) in education so that we shall ride on the changes to update our products. We are also increasing our range of products in comics, novels, educational DVD and multimedia packages. These efforts are taken to increase our revenues and profitability. In addition to enhancing the performance of our existing sales network, innovative marketing efforts have been taken to open new sales channels with a view to increasing the penetration of our products nationwide.

On the international front, Dickens will further accelerate our global market expansion programme by participating in various international trade fairs actively.

The financial year under review was a year of consolidation. In spite of the tough global economic environment, we remain cautiously optimistic about the prospect for the new financial year. We will take proactive measures in respond to market challenges and opportunities. We will remain focused and be engaged with current markets as we strive to expand Pelangi's market share in various countries.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to convey my gratitude and appreciation to the Management and staff for their continued efforts and contribution towards the Group in achieving the performance for the financial year ended 30 September 2009.

My heartfelt thanks and appreciation also go to all our valuable customers, suppliers, shareholders, bankers and government authorities for their continuous support, co-operation and valuable contribution to our Group.

I would like to thank my colleagues in the Board for their valuable contribution towards the Group and their guidance given to me all this while.

Sum Kown Cheek
Executive Chairman and Managing Director

DIRECTOR'S PROFILE

SUM KOWN CHEEK
Executive Chairman and Managing Director

Sum Kown Cheek, aged 57, 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 ten (10) 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 100 of this Annual Report for his securities holding.

LEE KHENG HON
Executive Director

Lee Kheng Hon, aged 65, Malaysian, was appointed as the Executive Director of the Company on 19 December 2003. He is the Chairman of the ESOS Committee.

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 is a member of the Lions Club of Taman Pelangi Indah, Johor Bahru. He has no directorship in other public listed companies. Please refer to page 100 of this Annual Report for his securities holding.

SYAHRIZA BINTI SENAN
Independent Director

Syahriza Binti Senan, aged 32, Malaysian, was appointed as an Independent 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 100 of this Annual Report for her securities holding.

CHUNG SHAN KWANG
Executive Director

Chung Shan Kwang, aged 42, Malaysian, was appointed as Executive Director of the Company on 1 October 2007.

Mr. Chung graduated with a Diploma in Engineering from Tunku Abdul Rahman College.

He was embarking on a career in engineering when he was required to assist in the management of his family's business interests. He is presently the chairman and director of companies involved in diversified business, ranging from distribution of food and consumer products, trading of used motor vehicles and provision of consultancy services in securing property leases. His business experience and contacts have greatly contributed to the growth of his business. He is also a Non-Executive Chairman of Wang-Zheng Berhad. Please refer to page 94 of this Annual Report for his securities holding.

SAM YUEN @ SAM CHIN YAN
Non-Executive Director

Sam Yuen @ Sam Chin Yan, aged 59, 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 Institue of Chartered Secretaries & Administrators, United Kingdom.

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 currently an non-independent non-executive director of Stamford College Berhad listed on the Main Market of Bursa Securities.

He is the elder brother of Mr Sum Kown Cheek, the Executive Chairman and Managing Director of the Company. Please refer to page 100 of this Annual Report for his securities holding.

WINSTON PAUL WONG CHI-HUANG
Independent Director

Winston Paul Wong Chi-Huang, aged 40, Malaysian, he graduated from the University of Keele, UK in 1993 with a Bachelor of Arts Degree Second Class Upper (Hons) in Law and Management. In 1997 he obtained his Masters of Laws degree from the National University of Singapore.

He was called to English Bar in 1994 and admitted to practice to the Malaysian Bar in 1995. In May 2008, he was admitted as an advocate and solicitor of the Supreme Court of Singapore. He started his career as a lawyer in the firm of Messrs Abdul Raman Saad & Associates in 1995 and was with the firm until February 2006. While he was at Messrs Abdul Raman Saad & Associates, he was a Partner and Head of Department of the Corporate Finance and Capital Markets Department.

In April 2007, he and Ms Pamela Wong set up a new law firm under the name of Winston Wong Law Chambers. In May 2009, the firm Winston Wong Law Chambers merged with Messrs Tea, Kelvin Kang & Co and he joined Messrs Tea, Kelvin Kang & Co as a partner. He is currently also a partner of Wong Partnership LLP, Singapore, one of Singapore's leading law firms.

Winston's main area of practice is equity and debt capital markets including Islamic Debt Capital Market, mergers and acquisitions, corporate banking and finance, securities and advisory and corporate and commercial affairs.

He is currently an independent non-executive director of Plastrade Technology Berhad and Sersol Technologies Berhad respectively, both companies listed on the ACE Market of Bursa Securities. Please refer to page 100 of this Annual Report for his securities holding.

VINCENT WONG SOON CHOY
(Alternate to Winston Paul Wong Chi-Huang)
Independent Director

Vincent Wong Soon Choy, aged 40, Malaysian, 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 Sdn Bhd. Prior to his current employment, he was 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 has no directorship in any other public listed company. Please refer to page 100 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.

STATEMENT ON CORPORATE GOVERNANCE

PELANGI PUBLISHING GROUP BERHAD'S POLICY ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Pelangi Publishing Group Berhad ("PPG") remains committed to ensure that the highest standards of corporate governance are practiced throughout PPG and its group of companies. 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 PPG'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 PPG's structure, policies, procedures and practices that are set, they are still open to be reviewed for enhancement and improvement. The ultimate aim of the Board is to secure all principles and objectives are transparent to parties with interests in PPG.

The Board also maintains a strong leadership in the organization 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 throughout the 2009 financial year, PPG and its Group have 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 recognizes 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 number of directors reflects fairly the investment of the shareholders. The profiles of the Board members are set out on pages 10 to 12 of the Annual Report.

Board Balance and Board Effectiveness

All Board members are individuals of calibre and credibility. The composition of the Board reflects the commitment to maintain and appropriate balance to ensure a sufficiently wide and relevant mix of background, skill and experience to provide strong and effective leadership and control of the Group.

The Directors are professionals from diverse disciplines i.e. finance, education and legal. Together, they create the synergy and effectiveness necessary to steer the Group toward strengthening its professional competence for achieving PPG's full objectives.

The directorships held by Directors are confirmed by each Director at the beginning of every financial year and is updated as and when informed by the respective Directors of any changes to the directorships status.

The Board through the Nomination Committee is constantly reviewing the required mix of skill, experience and the contribution including their core competencies in order to enhance the quality of the Directors' participation in the Board to suit the ever changing standards of corporate governance.

Supply of Information

Directors are provided with an agenda and a compilation of Board papers prior to the agreed date for each Board Meeting in order to give Directors sufficient time to review and properly briefed on each issue before to be deliberated at the Board Meeting.

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

All Directors have full and unrestricted access to all information within 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.

Board meetings

The Board met five (5) times during the 2009 financial year 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, 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 todate, 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 2009 are set out below:

Directors	Attendance
Sum Kown Cheek	5/5
Lee Kheng Hon	5/5
Syahriza Binti Senan	5/5
Chung Shan Kwang	3/5
Sam Yuen @ Sam Chin Yan	4/5
Winston Paul Wong Chi-Huang #	3/3
Vincent Wong Soon Choy *	3/3

\# Mr Winston Paul Wong Chi-Huang was appointed as Director of the Company on 10 February 2009.

* Mr Vincent Wong Soon Choy was appointed as Alternate Director to Mr Winston Paul Wong Chi-Huang on 10 February 2009.

Appointments of the Board and Re-election

Nomination Committee

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

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

Members Of The Nomination Committee As At Year 2009

	Name of Member	Directorship
Chairman	Winston Paul Wong Chi-Huang*	Independent Non-Executive Director
Member	Syahriza Binti Senan	Independent Non-Executive Director

* Mr Winston Paul Wong Chi-Huang was appointed as Chairman of Nomination Committee on 10 February 2009.

The Nomination Committee was formed on 18 August 2004 to assist the Board in the executive of its duties and it should meet not less than once a year. During the financial year 2009, the Committee had met once.

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 of candidate for the Directorship.

The PPG's Article 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 the page 1 of this Annual Report and the Directors' profile are disclosed separately on pages 10 to 12 of this Annual Report.

Directors' Training

In compliance with Bursa Securities Listing Requirements, all members of the Board have completed the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Malaysia Securities Berhad.

All the Directors have attended at least one training programme for the financial year ended 30 September 2009. Directors will continue to undergo relevant trainings and seminars to further enhance their knowledge and to keep abreast with developments in the market place, whilst discharging their duties.

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

Directors	**Training Programmes**
Sum Kown Cheek	– Managing Your Changing Business Environment
Lee Kheng Hon	– KPMG Tax Summit 2009
Syahriza Binti Senan	– PCA Internal Audit Curriculum
Sam Yuen @ Sam Chin Yan	– Towards Effective Inventory & Warehouse management
Winston Paul Wong Chi-Huang	– Derivatives Workshop; – Analysis and Understanding Financial Statements; – Legal Practice Management Course; – Dynamics of a Motivational Leader; and – Offshore Security Enforcement & Offshore Insolvency & Restructuring
Vincent Wong Soon Choy (Alternate Director To Winston Paul Wong Chi-Huang)	– Accounting for Financial Instruments; – 2010 Budget & Tax Planning; and – Executive Updates for Directors on Corporate Governance. FRS 139, 7 and 8 and Bursa Listing Requirements

Relationship of the Board to Management

Many of the responsibilities of the Board are delegated to management. Independence from the management of the Group is a key principle to the effective functioning of the Board. It facilitates the assessment of the Group's Directors' and management's performance. The Chairman of the Board is responsible for all 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 arrangement 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' REMUNATION

Remuneration Policy and Procedure

The Board has established a Remuneration Committee which is responsible to review and recommends to the Board on the remuneration of the Executive Directors in all its forms according to the level of performance of the Executive Directors itself.

The level of remuneration of Executive Directors has been structured to link rewards to the individual and Group performance. The Board as whole determines the remuneration packages of Executive and Non-Executive Directors. The individuals themselves abstain from discussion of their own remuneration.

The Remuneration Committee comprises two (2) Independent Non-Executive Directors and One (1) Executive Chairman and Managing Director. The members are as follows:

<u>Members of the Remuneration Committee as at Year 2009</u>

	Name of Member	Directorship
Chairman	Winston Paul Wong Chi-Huang*	Independent Non-Executive Director
Members	Syahriza Binti Senan	Independent Non-Executive Director
	Sum Kown Cheek	Executive Chairman and Managing Director

* Mr Winston Paul Wong Chi-Huang was appointed as Chairman of Remuneration Committee on 10 February 2009.

The Remuneration Committee was formed on 24 May 2004 and shall 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:-

REMUNERATION COMMITTEE DIARY

Chairman	Attendance
Winston Paul Wong Chi-Huang#	1/2
Members	
Sum Kown Cheek	2/2
Syahriza Binti Senan	2/2

\# Mr Winston Paul Wong Chi-Huang was appointed as Chairman of Remuneration Committee on 10 February 2009.

The Committee has full and unrestricted access the Company's records, properties and personnel. The Committee may obtain professional advice of external consultants on the appropriate of remuneration package.

Directors' Remuneration

The details of the total remuneration of each Directors of the Company during the 2009 financial year are as disclosed in Note 8 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 presents the progress and performance of the business as contained in the annual report and provided opportunities for the shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to provide response to questions from the shareholders during these meetings.

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 are 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 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 judgments and estimates; and
- Prepared financial statements on the going concern basis that having made enquiries to the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Board aims to present the highest standard of disclosure to warrant integrity and consistency of the financial reports produced, primarily in the Chairman's statement in the Annual Report.

The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, completeness and adequacy of information by reviewing and recommending to the Board for adoption.

The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out on page 37 of this Annual Report.

Internal Control

The Board maintains a sound internal control framework to safeguard shareholders' investment and the Group's assets and businesses. The Statement on Internal Control furnished on page 28 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.

Draft audit reports prepared by the Internal Audit are first circulated to the management i.e. the head of departments for deliberations on the audit findings, recommendations and agreed corrective actions to enable the management to carry out the necessary remedial measures thereof.

Subsequently, the audit reports are submitted to the Audit Committee for its review and deliberation. The Audit Committee will be briefed on the progress made in respect of each recommendation, and of each corrective action taken as recommended by the audit findings. The internal auditors report to and have unrestricted access to the Audit Committee to ensure independency.

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, an independent member firm of Messrs Ernst & Young, have continued to highlight to the Group their key findings and matters that require the Board's attention with respect to each year's audit on the statutory financial statement. The role of the Audit Committee in relation to the external auditors is outlined in the Audit Committee Report on pages 23 to 27 of this Annual Report.

The External Auditors play a crucial role for the advantage of the shareholders, by enhancing the reliability of the Group's financial statement and giving assurance of that reliability to users of the financial statements.

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

(a) Utilisation of Proceed
No proceed were raised by the Company from any corporate exercise during the financial year.

(b) Share Buybacks
During the financial year, the Company did not enter into any share buyback transactions.

(c) Options or Warrants
No ESOS options have been exercised by the employees during the financial year ended 30 September 2009 and the option was expired on May 2009. Further information on the ESOS is set out on pages 34 and 35.

The Company did not issue any 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 are no material contracts involving the Group with any of the substantial shareholders nor Directors in office as at 30 September 2009 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 Director's and major shareholders' interest

(h) Non-Audit Fees

The amount of non-audit fees for services provided by the external auditors and internal audit fees for services provided by the internal auditors to the Group and the Company for the financial year amounted to RM10,000 and RM20,000 respectively.

(I) Variance between Audited Results and Previously Announced Unaudited Results
There were no variances of 10% or more for the audited results of the Group from the unaudited results as announced on 26 November 2009.

(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.

This statement is made in accordance with the resolution of the Board dated 9 January 2009.

(l) Recurrent Related-Party Transactions
Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 33 to the Financial Statements and circular dated 3 March 2010.

Sum Kown Cheek
Executive Chairman and Managing Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Bursa Malaysia Securities Berhad listing requirements.

The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The directors consider that in preparing the financial statements,

- the Group and the Company have used appropriate accounting policies and which are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The directors are responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enables them to ensure that the financial statements comply with the Companies Act, 1965.

The directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to detect fraud and other irregularities.

AUDIT COMMITTEE REPORT

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

* Mr Winston Paul Wong Chi-Huang was appointed as Chairman of Audit Committee on 10 February 2009.

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

   (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.

AUDIT COMMITTEE DIARY

Chairman	Attendance
Winston Paul Wong Chi-Huang#	4/4
Members	
Syahriza Binti Senan	5/5
Sam Yuen @ Sam Chin Yan	4/5

\# Mr Winston Paul Wong Chi-Huang was appointed as Chairman of Audit Committee on 10 February 2009.

During the year 2009, the Audit Committee convened six (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 2009, 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, Fees and Scope of work for year end audit 2009 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.

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 RESPONSIBLITIES

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.

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 management had put in place a structured Risk Management Framework. The responsibility for the identification, assessment and management of the risks lies with the Executive Board and management. During the financial year ended 30 September 2009, the Management had conducted an update on its risk register in respect of key risks identified.

INTERNAL AUDIT FUNCTION

The review of the adequacy and integrity of the Group's internal control system is outsourced to independent service provider, who, through the Audit Committee provides the Board with much of the assurance it requires regarding the adequacy and integrity of the Group's systems of internal control. High and Medium risks identified from the Risk Assessment has been considered to be incorporated in the 2009 Audit Plan. The 2009 Audit Plan has been tabled and approved by the Audit Committee.

Periodical visits and internal audit reviews are carried out based on the Internal Audit Plan approved by the Audit Committee. During financial year ended 30 September 2009, the internal audit function has conducted two (2) rounds of risk assessment and internal control reviews.

On the other hand, high-level assessment on the Group's internal control environment has been performed by the External Auditor to ensure reasonable levels of controls are in place. These audit results had been tabled and highlighted to the Board and Audit Committee's attention. No significant observations were noted arising from the audit, which has direct impact to the financial statement.

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 appropriated level of authorities and responsibilities can be delegated to ensure operational efficiency. There is close involvement in daily operations of the Group by the Executive Directors and Senior Management.
- Management meetings are held on monthly basis. During the meetings, the Senior Management also reviews and discusses operational performance and other significant matters 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 appropriated plans to further enhance the Group's systems of internal control.

Notwithstanding this, the Board will continue evaluating and managing the significant 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

FINANCIAL STATEMENTS

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 2009.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are described in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM	Company RM
Profit for the year	5,207,567	1,361,950
Attributable to :		
Equity holders of the Company	5,582,181	1,361,950
Minority interests	(374,614)	-
	5,207,567	1,361,950

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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.

Dividends

The amount of dividends paid and declared by the Company since 30 September 2008 were as follows :

	RM
In respect of financial year ended 30 September 2008 :	
Final dividend of 5.5% less 25% taxation on 80,000,000 ordinary shares,	1,649,995

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 September 2009, of 4.75% less 25% taxation on 80,000,000 ordinary shares amounting to a dividend payable of RM1,425,000 (1.78 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 2010.

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
Syahriza Binti Senan
Chung Shan Kwang
Sam Yuen @ Sam Chin Yan
Winston Paul Wong Chi-Huang (appointed on 10 February 2009)
Vincent Wong Soon Choy (appointed on 10 February 2009)
(Alternate Director to Mr Winston Paul Wong Chi-Huang)

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 the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Option Scheme.

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 or the fixed salary of a full-time employee of the Company as shown in Note 8 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 33 to the financial statements.

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	**01.10.2008**	**Bought**	**Sold**	**30.9.2009**
Direct interest :				
Sum Kown Cheek	16,929,711	-	-	16,929,711
Lee Kheng Hon	2,747,972	-	-	2,747,972
Chung Shan Kwang	3,700,000	-	-	3,700,000
Sam Yuen @ Sam Chin Yan	2,037,290	-	-	2,037,290
Deemed interest :				
Sum Kown Cheek	2,749,972	-	-	2,749,972
Sam Yuen @ Sam Chin Yan	4,546,000	-	-	4,546,000
Syahriza Binti Senan	11,000	-	-	11,000

	Number of ordinary shares of USD1,000 each			
Subsidiary - PT Penerbitan Pelangi Indonesia	**1.10.2008**	**Bought**	**Sold**	**30.9.2009**
Direct interest				
Sum Kown Cheek	5	-	-	5

	Number of options over ordinary shares of RM0.50 each				
The Company :	**1.10.2008**	**Granted**	**Exercised**	**Lapsed**	**30.9.2009**
Sum Kown Cheek	544,000	-	-	544,000	-
Lee Kheng Hon	447,000	-	-	447,000	-

Sum Kown Cheek and Sam Yuen @ Sam Chin Yan by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Employee share option scheme

The Company's Employee Share Option Scheme ("ESOS") is governed by the by-laws approved by the Securities Commission and by the shareholders on 6 February 2004. The ESOS was granted on 22 April 2004 and shall be in force for a period of 5 years, lapsing on 22 April 2009.

The main features of the ESOS are as follows:

(a) The ESOS shall be in force for a duration of five years from the date of the receipt of the last of the requisite approvals.

(b) Eligible person are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for a period of not less than one year on the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.

(c) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS.

(d) The option price shall be the higher of the price at a discount of not more than 10% from the weighted average market price of the shares of the Company as shown on the official list issued by the Bursa Malaysia Securities Berhad for the five market days immediately preceding the date of offer, or at par value of the shares of the Company of RM0.50.

(e) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer but before the expiry of the five years from the date of the receipt of the last of the requisite approvals.

(f) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

(g) The person to whom the options has been granted has no right to participate by virtue of the options in any share issue of any other company.

Employee share option scheme (cont'd)

Information with respect of the share options outstanding as at the end of the financial year are as follows :

	Number of share options 2009	2008
At beginning of year	3,368,000	4,629,000
Lapsed	(3,368,000)	(1,261,000)
At end of year	-	3,368,000

On 22 April 2009, the Company's Employees' Share Option Scheme ("ESOS") expired without a single share options being taken up by the employees.

Other statutory information

(a) Before the income statements and balance sheets 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 had 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 and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the 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 would 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.

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 or 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.

Significant events

On 6 January 2009, a subsidiary, Penerbitan Pelangi Sdn Bhd (PPSB), completed the acquisition of a newly incorporated company, Pelangi Comics Sdn Bhd (PCSB). On 22 January 2009 PPSB disposed 30% equity share at par of PCSB to a renowned author, Mr Ng Keng Yeow of a famous educational comics who was also appointed as a director of PCSB. With the acquisition and subsequent disposal, PCSB became a subsidiary of PPSB with an equity share holding of 70%.

On 29 September 2009, the Company incorporated a wholly-owned subsidiary, Dickens Publishing Ltd, in England & Wales with a paid up capital of 1,000 ordinary shares of GBP1.00 each for a cash cosideration of RM5,484.00.

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 23 January 2010.

Sum Kown Cheek　　　　　　　　Lee Kheng Hon

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 40 to 94 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards 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 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 January 2010.

Sum Kown Cheek

Lee Kheng Hon

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

I, Sum Kown Cheek, being the director 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 40 to 94 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 Sum Kown Cheek at)
Johor Bahru in the State of Johor on)
25 January 2010)

Sum Kown Cheek

Before me,

Report on the financial statements

We have audited the financial statements of Pelangi Publishing Group Bhd, which comprise the balance sheets as at 30 September 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements 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 40 to 94.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 entity's preparation and fair presentation of the financial statements 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 entity'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.

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 2009 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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 accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.

(c) We are satisfied that the accounts 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 accounts 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.

Other matters

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

Abraham Verghese A/L T.V. Abraham
1664/10/10 (J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 23 January 2010

Income statements
For the year ended 30 September 2009

	Note	Group 2009 RM	Group 2008 RM (Restated)	Company 2009 RM	Company 2008 RM
Revenue	3	55,716,169	63,138,581	2,000,000	5,000,000
Cost of sales	4	(32,884,824)	(36,868,611)	-	-
Gross profit		22,831,345	26,269,970	2,000,000	5,000,000
Other income		3,652,300	828,412	73,866	-
		26,483,645	27,098,382	2,073,866	5,000,000
Selling expenses		(6,350,087)	(7,126,454)	-	-
Other expenses		(3,058,328)	(2,771,811)	(7,897)	(708)
Administrative expenses		(8,617,371)	(6,852,512)	(293,019)	(224,435)
Operating profit	6	8,457,859	10,347,605	1,772,950	4,774,857
Finance costs	5	(502,414)	(616,468)	-	-
Share of results of associates		(158,314)	(141,623)	-	-
Profit before tax		7,797,131	9,589,514	1,772,950	4,774,857
Company and subsidiaries		(2,589,564)	(2,983,310)	(411,000)	(1,274,548)
Associates		-	-	-	-
Income tax expense	9	(2,589,564)	(2,983,310)	(411,000)	(1,274,548)
Profit for the year		5,207,567	6,606,204	1,361,950	3,500,309
Attributable to :					
Equity holders of the Company		5,582,181	6,593,607	1,361,950	3,500,309
Minority interests		(374,614)	12,597	-	-
		5,207,567	6,606,204	1,361,950	3,500,309
Earnings per share attributable to equity holders of the Company (sen) :					
Basic	10 (a)	7.0	8.2		
Diluted	10 (b)	7.0	7.9		

The accompanying notes form an integral part of the financial statements.

Balance sheets as at 30 September 2009

	Note	Group 2009 RM	Group 2008 RM (Restated)	Company 2009 RM	Company 2008 RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	23,693,188	24,621,763	-	-
Investment properties	13	1,952,980	2,050,271	-	-
Prepaid land lease payments	14	8,849,729	8,950,200	-	-
Investment in subsidiaries	15	-	-	33,607,805	33,602,321
Investment in associates	16	228,596	386,910	369,907	369.907
Other investments	17	26,490	26,490	-	-
Intangible assets	18	364,915	333,798	-	-
Deferred tax assets	26	2,295,233	2,245,670	-	-
		37,411,131	38,615,102	33,977,712	33,972,228
Current asset					
Inventories	19	18,936,290	21,952,109	-	-
Trade and other receivables	20	13,012,359	15,275,956	11,409,103	17,391,765
Tax recoverable		1,271,462	3,309,390	614,529	45,453
Cash and bank balances	21	27,645,448	16,970,378	6,431,176	713,549
		60,867,559	57,507,833	18,454,808	18,150,767
Non-current asset held for sale	22	-	174,789	-	-
TOTAL ASSETS		98,278,690	96,297,724	52,432,520	52,122,995
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	27	40,000,000	40,000,000	40,000,000	40,000,000
Share premium		3,162,051	3,162,051	3,162,051	3,162,051
Foreign exchange reserve	28	(130,881)	64,612	-	-
Retained earnings	29	34,986,337	31,054,151	8,563,997	8,852,042
		78,017,507	74,280,814	51,726,048	52,014,093
Minority interests		397,839	742,453	-	-
Total equity		78,415,346	75,023,267	51,726,048	52,014,093

Balance sheets as at 30 September 2009 (cont'd)

	Note	Group 2009 RM	Group 2008 RM (Restated)	Company 2009 RM	Company 2008 RM
Non-current liabilities					
Long term borrowings	23	5,480,808	6,585,020	-	-
Deferred tax liabilities	26	1,614,597	1,332,445	500,000	-
		7,095,405	7,917,465	500,000	-
Current liabilities					
Short term borrowings	23	1,780,094	1,889,110	-	-
Trade and other payables	25	10,917,046	11,459,334	206,472	108,902
Tax payable		70,799	8,548	-	-
		12,767,939	13,356,992	206,472	108,902
Total liabilities		19,863,344	21,274,457	706,472	108,902
TOTAL EQUITY AND LIABILITIES		98,278,690	96,297,724	52,432,520	52,122,995

The accompanying notes form an integral part of the financial statements.

Consolidated statement of changes in equity
For the year ended 30 September 2009

	Note	Share capital RM	Share premium RM	Foreign exchange reserve RM	Retained earnings RM	Total RM	Minority interests RM	Total equity RM
		← Attributable to equity holders of the Company →						
		← Non-distributable →			Distributable			
At 1 October 2007		40,000,000	3,162,051	(22,843)	26,236,544	69,375,752	385,862	69,761,614
Foreign exchange translation		-	-	87,455	-	87,455	-	87,455
Purchase of additional shares		-	-	-	-	-	343,994	343,994
Profit for the year		-	-	-	6,593,607	6,593,607	12,597	6,606,204
Dividends	11	-	-	-	(1,776,000)	(1,776,000)	-	(1,776,000)
At 30 September 2008		40,000,000	3,162,051	64,612	31,054,151	74,280,814	742,453	75,023,267
At 1 October 2008		40,000,000	3,162,051	64,612	31,054,151	74,280,814	742,453	75,023,267
Foreign exchange translation		-	-	(195,493)	-	(195,493)	-	(195,493)
Acquisition of new subsidiary		-	-	-	-	-	30,000	30,000
Profit for the year		-	-	-	5,582,181	5,582,181	(374,614)	5,207,567
Dividend	11	-	-	-	(1,649,995)	(1,649,995)	-	(1,649,995)
At 30 September 2009		40,000,000	3,162,051	(130,881)	34,986,337	78,017,507	397,839	78,415,346

The accompanying notes form an integral part of the financial statements.

Company statement of changes in equity
For the year ended 30 September 2009

	Note	Share capital RM	Share premium RM	Foreign exchange reserve RM	Retained earnings RM	Total RM	Minority interests RM	Total equity RM
		← Attributable to equity holders of the Company				→		
			← Non-distributable	→	Distributable			
At 1 October 2007		40,000,000	3,162,051	-	7,127,733	50,289,784	-	50,289,784
Profit for the year		-	-	-	3,500,309	3,500,309	-	3,500,309
Dividends	11	-	-	-	(1,776,000)	(1,776,000)	-	(1,776,000)
At 30 September 2008		40,000,000	3,162,051	-	8,852,042	52,014,093	-	52,014,093
Profit for the year		-	-	-	1,361,950	1,361,950	-	1,361,950
Dividend	11	-	-	-	(1,649,995)	(1,649,995)	-	(1,649,995)
At 30 September 2009		40,000,000	3,162,051	-	8,563,997	51,726,048	-	51,726,048

The accompanying notes form an integral part of the financial statements.

Cash flow statements
For the year ended 30 September 2009

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
		(Restated)		
Cash flows from operating activities				
Profit before tax	7,797,131	9,589,514	1,772,950	4,774,857
Adjustments for :				
Amortisation of prepaid lease payment	100,471	100,472	-	-
Amortisation of development expenditure	64,762	83,450	-	-
Negative goodwill recognised	-	(71,863)	-	-
Bad debts written off	5,080	70,129	-	-
Dividend income (gross)	-	-	(2,000,000)	(5,000,000)
Depreciation	2,945,946	3,043,230	-	-
Property, plant and equipment written off	119,356	60,955	-	-
Gain on disposal of property, plant and equipment	(196,159)	(106,494)	-	-
Gain on disposal of investment	-	-	-	-
Gain on disposal of investment properties	(1,350,029)	-	-	-
Impairment of intangible assets	46,720	-	-	-
Interest income	(318,415)	(326,957)	(73,866)	-
Interest expenses	502,414	616,468	-	-
Impairment of goodwill	-	368,711	-	-
Unrealised foreign exchange loss/(gain)	293,839	(110,131)	-	(3,896)
Provision for doubtful debts	1,400,978	692,383	-	-
Write back of provision for doubtful debts	(163,163)	(224,008)	-	-
Provision for stock obsolescence	-	72,627	-	-
Share of results of associates	158,314	141,623	-	-
Operating profit/(loss) before working capital changes	11,407,245	14,000,109	(300,916)	(229,039)
Inventories	2,985,792	(5,462,834)	-	-
Receivables	7,767,456	1,498,488	5,982,662	(1,070,581)
Payables	(7,715,157)	(5,909,929)	97,570	(945,598)
Cash generated from/(used in) operations	14,445,336	4,125,834	5,779,316	(2,245,218)
Dividend income (net)		-	1,500,000	3,700,000
Interest paid	(502,414)	(616,468)	-	-
Tax refunded	2,776,981	585,351	19,924	83,411
Taxes paid	(3,032,623)	(3,787,160)	-	-
Net cash generated from operating activities	13,687,280	307,557	7,299,240	1,538,193

Cash flow statements (cont'd)
For the year ended 30 September 2009

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash flows from investing activities		(Restated)		
Acquisition of additional shares in subsidiaries	-	-	(5,484)	-
Acquisition of subsidiaries	(75,484)	(184,477)	-	-
Development cost	(142,599)	(153,808)	-	-
Purchase of property, plant and equipment	(1,223,197)	(883,900)	-	-
Interest received	318,415	326,957	73,866	-
Proceeds from disposal of plant and equipment	298,269	244,752	-	-
Proceeds from disposal of investment properties	1,447,320	-	-	-
Net cash generated from/(used in) investing activities	622,724	(650,476)	68,382	-
Cash flows from financing activities				
Dividend paid	(1,649,995)	(1,776,000)	(1,649,995)	(1,776,000)
Proceeds from issuance of ordinary shares	5,486	-	-	-
Increase in paid up capital	99,998	-	-	-
Hire purchase financing	841,000	-	-	-
Repayment of term loans	(994,860)	(969,973)	-	-
Repayment of hire purchase and lease payables	(1,891,517)	(1,269,441)	-	-
Net cash used in financing activities	(3,589,888)	(4,015,414)	(1,649,995)	(1,776,000)
Net increase/(decrease) in cash and cash equivalents	10,720,116	(4,358,333)	5,717,627	(237,807)
Effects of foreign exchange rate changes	(36,225)	87,374	-	-
Cash and cash equivalents at beginning of year	16,961,557	21,232,516	713,549	951,356
Cash and cash equivalents at end of year (Note 21)	27,645,448	16,961,557	6,431,176	713,549

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements - 30 September 2009

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. 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 described in the Note 15.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 January 2010.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 October 2007 as described fully in Note 2.3.

The financial statements of the Company have also been prepared on a historical basis.

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

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries 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 and loss.

(ii) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

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. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of acquisition 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 acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represents the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair values of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

2.2 Summary of significant accounting policies (cont'd)

(b) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Research and development costs

All research costs are recognised in the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only 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 the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

2.2 Summary of significant accounting policies (cont'd)

(c) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognised its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The 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.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. 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 in 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, including any long-term interests that , in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

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.

2.2 Summary of significant accounting policies (cont'd)

(d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates :

Buildings	2%
Plant and machinery	10%
Motor vehicles	20%
Renovation	20%
Other assets	33%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

2.2 Summary of significant accounting policies (cont'd)

(e) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are stated as cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(f).

Depreciation of investment properties are provided for on straight-line basis to write off the cost of each asset to its residual value over the estimated useful life. The buildings are depreciated at annual rate of 2%.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and future economic benefits is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(f) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, deferred tax assets and non-current assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows 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 considered impaired and 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.

2.2 Summary of significant accounting policies (cont'd)

(f) Impairment of non-financial sssets (cont'd)

An impairment loss is recognised in profit or loss in the period in which it arises.

An impairment loss for an asset is reversed if, and 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. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

(g) Inventories

Inventories consist of unsold properties and are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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

(h) Financial instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2.2 Summary of significant accounting policies (cont'd)

(h) Financial instruments (cont'd)

(i) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investments

Non-current investments other than investment in subsidiaries, associates and investment properties are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the profit or loss.

(iii) Trade receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Trade payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest-bearing loans and borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vi) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.2 Summary of significant accounting policies (cont'd)

(l) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(ii) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(d).

(iii) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. 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.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the 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 represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

2.2 Summary of significant accounting policies (cont'd)

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. For development costs, these costs are recognised in the income statement based on the percentage of completion of the project.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2.2 Summary of significant accounting policies (cont'd)

(l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(m) Employee benefits

(i) 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 of the Group. 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.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(n) Foreign currencies

(i) 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.

2.2 Summary of significant accounting policies (cont'd)

(n) Foreign currencies (cont'd)

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary items is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in the income statement for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in the income statement in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement 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.

2.2 Summary of significant accounting policies (cont'd)

(n) Foreign currencies (cont'd)

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated in RM as follows :

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised :

(i) Sales of goods

Revenue relating to the sale of goods is recognised net of discounts and returns upon the transfer of risks and rewards.

(ii) Revenue from services

Revenue from services is recognised net of discounts and when the services are performed.

(iii) Rental and interest income

Rental and interest income are recognised on a receivable basis.

(iv) Dividend Income

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

2.2 Summary of significant accounting policies (cont'd)

(p) Non-current assets held for sale

Non-current asset is classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current asset is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current asset is measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2.3 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following FRS, Amendment to FRS, and IC Interpretations were in issue but not yet effective and have not been applied by the Group:

FRS and Interpretations	**Effective for financial periods beginning on or after**
FRS 8: Operating Segments	1 July 2009
FRS 4: Insurance Contract	1 January 2010
FRS 7: Financial Instruments: Disclosure	1 January 2010
FRS 101 : Presentation of Financial Statements	1 January 2010
FRS 123 : Borrowing Costs	1 January 2010
FRS 139 : Financial Instruments: Recognition and Measurement	1 January 2010
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	1 January 2010
Amendments to FRS 2 : Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 132 Financial Instruments : Presentation	1 January 2010
Amendments to FRS 139 Financial Instruments : Recognition and Measurement, FRS 7 Financial Instruments : Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"	1 January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11 FRS 2 : Group and Treasury Share Transactions	1 January 2010

2.3 Standards and interpretations issued but not yet effective (cont'd)

FRS and Interpretations	Effective for financial periods beginning on or after
IC Interpretation 13 : Customer Loyalty Programmes	1 January 2010
IC Interpretation 14 FRS 119 : The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 12 : Service Concession Agreements	1 July 2010
IC Interpretation 15 : Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 : Distributions of Non-cash Assets to Owners	1 July 2010

The above FRSs, Amendments to FRS and IC Interpretations are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes in presentation and disclosures arising from the adoption of FRS 101, FRS 7 and FRS 8.

The Group and the Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS139.

2.4 Significant accounting estimates and judgements

(i) Deferred tax assets

Deferred tax assets are recognised for unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses of the Group was RM1,525,000 (2008 : RM1,463,000) and unrecognised tax losses, capital allowances and reinvestment allowance was RM8,532,000 (2008 : RM4,692,000)

(ii) Provisional fair value of assets and liabilities

Arising from the acquisition of Pelangi Multimedia Technologies Sdn Bhd on 20 May 2008, the amount of assets and liabilities arising from the acquisition of Pelangi Multimedia Technologies Sdn Bhd as at 20 May 2008 was determined based on provisional fair values assigned to the identifiable assets and liabilities as at the acquisition date. Any adjustment to these provisional values upon finalisation of the detailed fair value exercise would be recognised within 12 months of the acquisition date. The adjustments would be calculated as if the fair values had been recognised on acquisitions date. Goodwill would also be adjusted to the amount that would have been recognised if the adjusted fair values had been used at the acquisition date. As a result, comparative information may be restated.

2.4 Significant accounting estimates and judgements (cont'd)

(ii) Provisional fair value of assets and liabilities (cont'd)

The value of assets (including intangible assets) and liabilities of Pelangi Multimedia Technologies Sdn Bhd ensuing from the acquisition had initially been determined based on provisional fair values assigned to identifiable assets and liabilities on acquisition date and were not allocated to the Group's cash generating units ("CGUs") pending finalisation of the Purchase Price Allocation ("PPA") exercise. Any adjustments to these provisional values upon finalisation of the PPA exercise were to be recognised within 12 months from acquisition date as permitted by FRS 3, Business Combinations.

The Group engaged an independent valuation firm to assist in the PPA exercise and the said exercise has been completed. The effects of the **PPA** exercise is summarised in Note 34. These adjustments have been accounted for as if they had been recognised on acquisition date and adjusted in the comparative financial statements.

3. Revenue

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sales of goods	55,716,169	63,138,581	-	-
Dividend Income	-	-	2,000,000	5,000,000
	55,716,169	63,138,581	2,000,000	5,000,000

4. Cost of sales

Cost of sales represents cost of inventories sold.

5. Finance costs

	2009 RM	2008 RM
Group		
Bank overdraft interest	3,398	3,582
Term loan interest	394,860	474,125
Lease and hire purchase interest	104,156	138,761
	502,414	616,468

6. **Profit from operations**

	Group 2009 RM	Group 2008 RM (Restated)	Company 2009 RM	Company 2008 RM
Profit from operations is stated after charging/(crediting) :				
Amortisation of prepaid lease payment	100,471	100,472	-	-
Amortisation of development expenditure	64,762	83,450	-	-
Auditors' remuneration				
- Auditors' of the Company				
- Statutory audits	100,000	90,000	18,000	17,000
- Overprovision in prior year	-	(1,000)	-	-
- Other services	10,000	25,000	-	-
- Other auditors				
- Statutory audits	43,931	27,091	-	-
Bad debts written off	5,080	70,129	-	-
Bad and doubtful debts recovered	(473,297)	-	-	-
Depreciation (Note 12)	2,945,946	3,043,230	-	-
Dividend income (gross)	-	-	(2,000,000)	(5,000,000)
Gain on disposal of plant and equipment	(196,159)	(106,494)	-	-
Gain on disposal of investment properties	(1,350,029)	-	-	-
Directors' fees				
- Current year	274,856	171,833	107,500	40,000
- underprovision in prior year	-	-	56,210	-
Impairment of intangible assets	46,720	-	-	-
Impairment on goodwill	-	368,712	-	-
(Gain)/Loss on foreign exchange				
- Realised	(154,536)	51,510	-	-
- Unrealised	293,839	(110,131)	-	(3,896)
Negative goodwill on acquisition (Note 15 (b)(i))	-	(71,863)	-	-
Property, plant and equipment written off	119,356	60,955	-	-
Provision for doubtful debts	1,400,978	692,383	-	-
Provision for obsolete stock	-	72,627	-	-
Rental income	(1,217,765)	(1,225,902)	-	-
Rental				
- Land and building	1,412,867	1,310,901	-	-
- Plant and equipment	54,855	30,965	-	-
Write back of provision for doubtful debts	(163,163)	(224,008)	-	-
Interest income	(318,415)	(326,957)	-	-
Employee benefits expense (Note 7)	12,027,658	11,196,433	-	-

7. Employee benefits expense

	2009 RM	2008 RM
Group		
Wages and salaries	10,801,817	10,042,463
EPF	1,084,645	1,020,019
Social security cost	141,196	133,951
	12,027,658	11,196,433

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM1,197,481 (2008 : RM1,323,427) as further disclosed in Note 8.

8. Directors' remuneration

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors of the Company				
Executive :				
Salaries and other emoluments	450,360	607,692	-	-
Fees	178,000	225,500	38,500	-
Bonus	45,104	78,860	-	-
EPF	62,963	7,200	-	-
	736,427	919,252	38,500	-
Non-executive :				
Fees	69,000	40,000	69,000	40,000
	805,427	959,252	107,500	40,000
Directors of the Subsidiaries				
Executive :				
Salaries and other emoluments	282,429	283,777	-	-
Fees	35,646	20,000	-	-
Bonus	34,353	37,050	-	-
EPF	39,626	23,348	-	-
	392,054	364,175	-	-
Total	1,197,481	1,323,427	107,500	40,000

8. **Directors' remuneration (cont'd)**

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

	Number of Directors	
	2009	**2008**
Executive directors :		
Below RM200,000	1	1
RM200,001 - RM250,000	1	1
RM250,001 - RM300,000	-	-
RM450,001 - RM500,000	-	-
RM500,001 - RM550,000	1	1
Non-Executive directors :		
Below RM100,000	3	3

9. **Income tax expense**

	Group		Company	
	2009 RM	**2008 RM**	**2009 RM**	**2008 RM**
Current income tax :				
Malaysian income tax	3,049,440	2,871,430	1,211,000	1,300,000
Overprovision in prior year	(692,465)	(73,038)	(1,300,000)	(25,452)
	2,356,975	2,798,392	(89,000)	1,274,548
Deferred tax (Note 26) :				
Relating to origination and reversal of temporary differences	(745,904)	306,404	(782,000)	-
Relating to changes in tax rates	(20,067)	(19,898)	-	-
Under/(Over)provision in prior years	998,560	(101,588)	1,282,000	-
	232,589	184,918	500,000	-
Share of taxation of associates	-	-	-	-
	2,589,564	2,983,310	411,000	1,274,548

9. **Income tax expense (cont'd)**

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008 : 26%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to the income tax expense at the effective tax rate of the Company is as follows:

Group	**2009 RM**	**2008 RM (Restated)**
Profit before tax	7,797,131	9,589,514
Taxation of Malaysian statutory tax rate of 25% (2008 : 26%)	1,949,283	2,493,274
Effect of changes in tax rates on opening balance of deferred tax	(20,067)	(19,898)
Effects of expenses not deductible for tax purposes	634,949	932,101
Effects of tax rate at 20% on first RM500,000 of chargeable income for qualified small and medium enterprise	-	(110,965)
Deferred tax relating to changes in tax rates	-	7,264
Effects of utilisation of current year's reinvestment allowance	(14,900)	(83,950)
Deferred tax not recognised on business loss	112,060	25,802
Effects of income not subject to tax	(377,856)	(85,692)
Under/(Over)provision of deferred tax in prior years	998,560	(101,588)
Overprovision of income tax expense in prior year	(692,465)	(73,038)
Income tax expense for the year	2,589,564	2,983,310

Company	**2009 RM**	**2008 RM (Restated)**
Profit before taxation	1,772,950	4,774,857
Taxation of Malaysian statutory tax rate of 25% (2008 : 26%)	443,238	1,241,463
Effects of expenses not deductible for tax purposes	4,000	32,735
Deferred tax not recognised	-	25,802
Income not subject to tax	(18,238)	-
Overprovision of income tax expense in prior year	(1,300,000)	(25,452)
Underprovision of deferred tax expense in prior year	1,282,000	-
Income tax expense for the year	411,000	1,274,548

10. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2009	2008
Profit attributable to ordinary equity holders of the Company	5,582,181	6,593,607
Weighted average number of ordinary shares in issue	80,000,000	80,000,000
Basic earnings per share (sen)	7.0	8.2

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for dilutive effects of all potential ordinary shares from the exercise of the ESOS. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the number of ordinary shares which would be issued in the exercise of the outstanding options under the ESOS.

	2009	2008
Profit attributable to ordinary equity holders of the Company	5,582,181	6,593,607
Weighted average number of ordinary shares in issue	80,000,000	80,000,000
Effects of dilution :		
Share options	-	3,368,000
Average weighted number of ordinary shares in issue and issuable	80,000,000	83,368,000
Diluted earnings per share (sen)	7.0	7.9

On 22 April 2009, the Company's Employees' Share Option Scheme (ESOS) expired.

11. Dividends

	Dividends in respect of year			Dividends recognised in year	
	2009	2008	2007	2009	2008
	RM	RM	RM	RM	RM
Recognised during the year:					
Final dividend for 2007: 6% less 26% taxation, on 80,000,000 ordinary shares (2.22 sen per ordinary shares)	-	-	1,776,000	-	1,776,000
Final dividend for 2008: 5.5% less 25% taxation, on 80,000,000 ordinary shares (2.06 sen per ordinary shares)	-	1,649,995	-	1,649,995	-
Proposed for approval at AGM (not recognised as at 30 September):					
Final dividend for 2009: 4.75% less 25% taxation, on 80,000,000 ordinary shares (1.78 sen per ordinary shares)	1,425,000	-	-	-	-
	1,425,000	1,649,995	1,776,000	1,649,995	1,776,000

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 September 2009, of 4.75% less 25% taxation on 80,000,000 ordinary shares amounting to a dividend payable of RM1,425,000 (1.78 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 2010.

12. Property, plant and equipment

Group	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	*Others RM	Total RM
At 30 September 2009							
Cost							
At 1 October 2008	1,409,089	16,404,842	2,824,001	14,736,120	2,796,446	11,943,325	50,113,823
Additions	-	-	123,203	201,400	1,230,796	509,282	2,064,681
Disposals	-	-	-	(315,000)	(646,456)	(31,600)	(993,056)
Written off	-	-	(163,437)	-	-	(5,079)	(168,516)
Reclassification	-	-	20,410	-	-	(20,410)	-
Reclassified from held for sale	-	197,306	-	-	-	-	197,306
Exchange differences	-	-	-	-	-	(1,164)	(1,164)
At 30 September 2009	1,409,089	16,602,148	2,804,177	14,622,520	3,380,786	12,394,354	51,213,074
Accumulated depreciation and impairment losses							
At 1 October 2008	-	2,442,800	2,090,469	9,516,310	2,172,215	9,270,266	25,492,060
Charge for the year (Note 6)	-	318,008	261,859	1,134,141	426,204	805,734	2,945,946
Disposals	-	-	-	(219,542)	(646,455)	(24,949)	(890,946)
Written off	-	-	(46,751)	-	-	(2,409)	(49,160)
Reclassification	-	-	(1,942)	-	-	1,942	-
Reclassified from held for sale	-	22,517	-	-	-	-	22,517
Exchange differences	-	-	-	-	-	(531)	(531)
At 30 September 2009	-	2,783,325	2,303,635	10,430,909	1,951,964	10,050,053	27,519,886
Net Carrying Amount							
At 30 September 2009	1,409,089	13,818,823	500,542	4,191,611	1,428,822	2,344,301	23,693,188

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

At 30 September 2008	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor Vehicles RM	*Others RM	Total RM
Cost							
At 1 October 2008	1,409,089	16,602,148	2,341,003	14,801,271	3,163,122	11,042,199	49,358,832
Additions	-	-	223,301	3,349	340,270	512,580	1,079,500
Disposals	-	-	-	(63,700)	(792,459)	(4,630)	(860,789)
Written off	-	-	(56,230)	(4,800)	-	(89,271)	(150,301)
Acquisition of subsidiaries	-	-	315,927	-	85,513	483,887	885,327
Reclassified as held for sale	-	(197,306)	-	-	-	-	(197,306)
Exchange differences	-	-	-	-	-	(1,440)	(1,440)
At 30 September 2008	1,409,089	16,404,842	2,824,001	14,736,120	2,796,446	11,943,325	50,113,823
Accumulated depreciation and impairment losses							
At 1 October 2008	-	2,147,311	1,761,793	8,413,107	2,438,605	8,175,836	22,936,652
Charge for the year (Note 6)	-	318,006	292,354	1,162,318	335,269	935,283	3,043,230
Disposals	-	-	-	(54,315)	(664,791)	(3,425)	(722,531)
Written off	-	-	(18,698)	(4,800)	-	(65,848)	(89,346)
Acquisition of subsidiaries	-	-	55,020	-	63,132	223,011	341,163
Reclassified as held for sale	-	(22,517)	-	-	-	-	(22,517)
Exchange differences	-	-	-	-	-	5,409	5,409
At 30 September 2008	-	2,442,800	2,090,469	9,516,310	2,172,215	9,270,266	25,492,060
Net carrying amount							
At 30 September 2008	1,409,089	13,962,042	733,532	5,219,810	624,231	2,673,059	24,621,763

* 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.

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

(a) Net carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements for the Group are as follows :

	Group	
	2009	2008
	RM	RM
Motor vehicles	1,416,454	488,366
Plant and machinery	2,265,917	2,547,167
	3,682,371	3,035,533

(b) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM2,064,681 (2008 : RM1,079,500) of which RM841,000 (2008 : RM195,600) were acquired by means of hire purchase or finance lease arrangements.

(c) The net carrying amount of property, plant and equipment pledged for borrowings as referred to in Note 23 are as follows :

	Group	
	2009	2008
	RM	RM
Freehold land	310,860	471,860
Buildings	12,163,759	12,419,182
	12,474,619	12,891,042

(d) Included in property, plant and equipment of the Group are fully depreciated assets at cost which are still in use as follows :

	Group	
	2009	2008
	RM	RM
Plant and machinery	4,262,270	3,448,322
Motor vehicles	1,406,958	1,175,203
Renovation	1,732,706	970,445
Other assets	7,104,049	6,609,556
	14,505,983	12,203,526

13. Investment properties

	Group	
	2009	2008
	RM	RM
Freehold land		
Cost	2,050,271	2,050,271
Less: Disposal	(97,291)	-
Net carrying amount	1,952,980	2,050,271
Fair value of investment properties	2,000,000	2,744,270

During the year, a land owned by a wholly-owned subsidiary, Penerbitan Pelangi Sdn Bhd, were disposed thru compulsory acquisition by the Government of Johor Bahru for the purpose of development.

14. Prepaid land lease payments

	Group	
	2009	2008
	RM	RM
Cost	9,865,932	9,865,932
Less: Accumulated amortisation	(1,016,203)	(915,732)
At 30 September	8,849,729	8,950,200

Leasehold land costing RM8,471,373 (2008 : RM8,567,425) are pledged for borrowings as referred to in Note 23.

15. Investment in subsidiaries

	Company	
	2009	2008
	RM	RM
Unquoted shares, at cost	33,602,321	33,602,321
Addition	5,484	-
At 30 September	33,607,805	33,602,321

15. Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows :

Name of subsidiaries	Country of incorporation	Principal activity	Equity interest held (%) 2009	2008
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
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	-
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 comics books.	70	-

15. **Investment in subsidiaries (cont'd)**

Name of subsidiaries	Country of incorporation	Principal activity	Equity interest held (%) 2009	2008
Held through Penerbitan Pelangi Sdn. Bhd. (cont'd) :				
Pelangi Novel Sdn Bhd (formerly known as Pelangi Kids Educare Sdn Bhd)	Malaysia	Dormant.	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. Berhad *	Malaysia	Provision of printing services.	90	90
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
Pelangi Multimedia Education (Puchong) Sdn. Bhd *	Malaysia	Educational services	55	55
Held through Pelangi Publishing International Sdn. Bhd. :				
P.T. Penerbitan Pelangi Indonesia *	Indonesia	Production and distribution of books, education materials, multimedia and web related products.	95	95

15. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation	Principal activity	Equity interest held (%) 2009	2008
Held through Pelangi Publishing International Sdn. Bhd. (cont'd) :				
Pelangi Publishing (Thailand) Co., Ltd. *@	Thailand	Production and distribution of books, education 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.

(a) Acquisition of subsidiaries

On 29 September 2009, Pelangi Publishing Group Bhd incorporated a wholly-owned subsidiary, Dickens Publishing Ltd, in England & Wales with a paid up capital of 1,000 ordinary shares of GBP1.00 each.

on 6 January 2009, a subsidiary of Pelangi Publishing Group Bhd, Penerbitan Pelangi Sdn Bhd (PPSB), had completed the acquisition of a newly incorporated company, Pelangi Comics Sdn Bhd (PCSB). On 22 January 2009 PPSB disposed 30% equity share at par of PCSB to a renowned author, Mr Ng Keng Yeow of a famous educational comics who was also appointed as a director of PCSB. With the acquisition and subsequent disposal, PCSB became a subsidiary of PPSB with an equity share holding of 70%.

The cost of acquisition of subsidiaries comprised the following :

	RM 2009
Purchase consideration satisfied by cash :	
Dickens Publishing Ltd	5,484
Pelangi Comics Sdn Bhd	70,000
	75,484

The acquired subsidiaries have contributed the following results to the Group:

Revenue	431,811
Profit for the year	11,315

If the acquisition had occurred on 1 October 2008, the Group's revenue and profit for the year would have been RM55,716,169 and RM5,207,567 respectively.

15. Investment in subsidiaries (cont'd)

(b) Acquisition of subsidiary

During the previous financial year, a subsidiary of the Company, Pelangi Publishing Holdings Sdn Bhd, acquired additional 32.134% equity interest in Pelangi Multimedia Technologies Sdn Bhd. for a total cash consideration of RM184,477

The acquired subsidiary have contributed the following results to the Group:

	RM
Revenue	754,893
Profit for the year	37,762

If the acquisition had occurred on 1 October 2007, the Group's revenue and profit for the year would have been RM64,483,613 and RM6.445,815 respectively.

The assets and liabilities arising from the acquisition are as follows:

(i) Pelangi Multimedia Technologies Sdn. Bhd.

	Fair value recognised on acquisition RM	Acquiree's carrying amount RM
Plant and equipment	544,164	544,164
Intangible asset	263,440	263,440
Inventories	531,788	575,360
Trade and other receivables	778,124	815,894
Cash and bank balances	8,327	8,327
	2,125,843	2,207,185
Trade and other payables	(1,181,205)	(1,181,205)
Due to Holding Company	(68,598)	(68,598)
Borrowings	(16,965)	(16,965)
Income tax payable	(3,324)	(3,324)
Minority Interest	(343,994)	(374,795)
Interest previously accounted for as an associate	(247,090)	(271,493)
	(1,861,176)	(1,916,380)

15. Investment in subsidiary (cont'd)

(b) Acquisition of subsidiary (cont'd)

(i) Pelangi Multimedia Technologies Sdn. Bhd. (cont'd)

	Fair value recognised on acquisition RM
Fair value of net assets	264,667
Negative goodwill on acquisition (Note 6)	(71,863)
Total cost of acquisition	192,804

	2008 RM
Purchase consideration	192,804
Less: Cash and cash equivalent in subsidiaries	(8,327)
Net cash outflow on acquisition	184,477

16. Investment in associates

	Group		Company	
	2009	2008	2009	2008
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	(141,312)	17,002	-	-
	228,596	386,910	369,907	369,907

16. Investment in associates (cont'd)

Details of associated companies are as follows :

Name of associates	Country of incorporation	Principal activities	Equity interest held (%) 2009	2008
Pelangi Smart Kids Culture Media Pte. Ltd., Hebei	China	Production of academic, children and general titles for the China market.	40	40
Held through Pelangi Publishing Holdings 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

The summarised financial information of the associates are as follows:

	2009 RM	2008 RM
Assets and liabilities		
Current assets	2,006,437	1,781,586
Non-current assets	331,896	334,484
Total assets	2,338,333	2,116,070
Current liabilities	1,771,508	1,254,095
Non-current liabilities	-	-
Total liabilities	1,771,508	1,254,095
Results		
Revenue	687,025	902,915
Loss for the year	(395,786)	(221,309)

17. Other investments

	Group 2009 RM	Group 2008 RM
Other investments in Malaysia, at cost :		
Club membership	26,200	26,200
Investment in quoted equity shares	290	290
	26,490	26,490
Market value of quoted equity shares	373	360

18. Intangible assets

	Goodwill RM	Development cost RM	Total RM
Group			
Cost			
At 1 October 2008	1,266,752	417,248	1,684,000
Additions- internal development	-	142,599	142,599
At 30 September 2009	1,266,752	559,847	1,826,599
Accumulated amortisation and impairment			
At 1 October 2008	1,266,752	83,450	1,350,202
Amortisation (Note 6)	-	64,762	64,762
Impairment loss (Note 6)	-	46,720	46,720
At 30 September 2009	1,266,752	194,932	1,461,684
Net carrying amount			
30 September 2009	-	364,915	364,915
30 September 2008	-	333,798	333,798

19. Inventories

	Group	
	2009	2008
	RM	RM
		(Restated)
Cost		
Raw materials	4,174,102	8,980,511
Work in progress	53,918	121,688
Finished goods	14,710,270	12,849,910
	18,938,290	21,952,109

20. Trade and other receivables

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Current				
Trade receivables				
Third parties	13,419,937	15,674,451	-	-
Provision for doubtful debts	(1,639,619)	(1,620,928)	-	-
	11,780,318	14,053,523	-	-
Other receivables				
Due from subsidiaries	-	-	11,404,103	17,386,765
Due from associates	5,700	5,700	-	-
Deposits	608,329	555,821	1,000	1,000
Prepayments	490,107	575,103	-	-
Sundry receivables	127,905	85,809	4,000	4,000
	1,232,041	1,222,433	11,409,103	17,391,765
	13,012,359	15,275,956	11,409,103	17,391,765

The normal trade credit term of the Group ranges from 30 to 90 days. Other credit term are assessed and approved on a case-by-case basis. The Group has no significant concentration of credit risk that may arise from exposures to a single or groups of debtors.

The amounts due from subsidiaries and associates are unsecured, interest free and have no fixed terms of repayment.

Further details on related party transactions are disclosed in Note 33.

Other information on financial risk of receivables are disclosed in Note 35.

21. Cash and cash equivalents

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash on hand and at banks	16,016,092	8,593,518	360,558	713,549
Fixed deposits with licensed banks	11,629,356	8,376,860	6,070,618	-
Cash and bank balances	27,645,448	16,970,378	6,431,176	713,549
Less : Bank overdrafts (Note 23)	-	(8,821)	-	-
Cash and cash equivalents	27,645,448	16,961,557	6,431,176	713,549

Included in cash at banks are amounts of RM7,773,333 (2008 : RM1,686,098) held under the Investment Cash Management Trust for the investment of the Company's funds as a short term investment. There are no restriction on the Company's funds.

Fixed deposits with licensed banks of the Group amounting to RM200,000 (2008 : RM750,000) are pledged to licensed banks for credit facilities granted to two subsidiaries.

The interest rates of fixed deposits with licensed banks at the balance sheet date of the Group were between 1.5% to 3.7% (2008 : 3.0% to 3.25%) per annum.

The average maturity of fixed deposits with licensed banks as at the end of the financial year of the Group ranged from 1 to 30 days (2008 : 3 to 30) days.

22. Non-current asset held for sale

	Group 2009 RM	Group 2008 RM
Leasehold buildings		
Cost	-	197,306
Less: Accumulated depreciation	-	(22,517)
Net carrying amount	-	174,789

During the year, a wholly owned subsidiary, Penerbitan Pelangi Sdn Bhd had reversed its plan to sell the leasehold building due to the instability market price of the building and the management has instead decided to use it as a hostel for their employees.

23. Borrowings

	Group 2009 RM	Group 2008 RM
Short term borrowings		
Secured :		
Bank overdrafts (Note 21)	-	8,821
Term loans	978,662	983,614
Hire purchase and finance lease payables (Note 24)	801,432	896,675
	1,780,094	1,889,110
Long term borrowings		
Secured :		
Term loans	4,877,841	5,867,750
Hire purchase and finance lease payables (Note 24)	602,967	717,270
	5,480,808	6,585,020
Total borrowings		
Bank overdrafts (Note 21)	-	8,821
Term loans	5,856,503	6,851,364
	5,856,503	6,860,185
Hire purchase and finance lease payables	1,404,399	1,613,945
	7,260,902	8,474,130

Maturity of borrowings
(excluding hire purchase and finance leases)

	2009 RM	2008 RM
Within 1 year	978,662	992,435
More than 1 year and less than 2 years	929,750	999,442
More than 2 years and less than 5 years	2,852,413	2,943,568
5 years or more	1,095,678	1,924,740
	5,856,503	6,860,185

The interest rates of borrowings excluding hire purchase and finance lease at the balance sheet date were as follows :

	2009	2008
Bank overdrafts	8.25%	8.25%
Term loans	4% to 8%	4% to 8%

23. Borrowings (cont'd)

The secured bank overdrafts and term loan of the Group are secured by certain assets of the Group as disclosed in Notes 12 and 14.

The term loans are secured by the followings :

(a) First legal charge over certain freehold and leasehold land and buildings as disclosed in Note 12 and Note 14;

(b) Pledge of fixed deposit belonging to a subsidiary, Penerbitan Pelangi Sdn. Bhd.; and

(c) Corporate guarantees by the Company.

24. Hire purchase and finance lease payables

	Group	
	2009	2008
	RM	RM
Minimum lease payments :		
Not later than 1 year	863,329	967,694
Later than 1 year and not later than 2 years	394,139	578,628
Later than 2 years and not later than 5 years	245,180	168,228
	1,502,648	1,714,550
Less : Future finance charges	(98,249)	(100,605)
	1,404,399	1,613,945
Present value of finance lease liabilities:		
Not later than 1 year	801,432	896,675
Later than 1 year and not later than 2 years	369,234	553,301
Later than 2 years and not later than 5 years	233,733	163,969
	1,404,399	1,613,945
Analysed as :		
Due within 12 months (Note 23)	801,432	896,675
Due after 12 months (Note 23)	602,967	717,270
	1,404,399	1,613,945

The interest rates of hire purchase and lease payables of the Group at the balance sheet date were between 2.50% to 6.30% (2008 : 2.50% to 4.50%) per annum.

25. Trade and other payables

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Current				
Trade payables				
Third parties	1,720,577	1,473,394	-	-
Other payables				
Due to directors	326,147	256,231	-	-
Due to subsidiary	-	-	1,418	478
Accruals	1,656,277	2,000,495	154,984	45,836
Royalty payable	2,661,638	2,664,893	-	-
Provision for returns	1,887,000	2,046,229	-	-
Sundry payables	2,665,407	3,018,092	50,070	62,588
	10,917,046	11,459,334	206,472	108,902

The normal credit term granted to the Group ranges from 30 to 90 days.

The amounts due to directors and subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Further details on related party transactions are disclosed in Note 33.

26. Deferred tax (asset)/liabilities

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
At 1 October	(913,225)	(1,098,143)	-	-
Recognised in income statement (Note 9)				
-Current year	(765,971)	286,506	(782,000)	-
-Overprovision in prior year	998,560	(101,588)	1,282,000	-
At 30 September	(680,636)	(913,225)	500,000	-

Presented after appropriate offsetting as follows :

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Deferred tax assets	(2,295,233)	(2,245,670)	-	-
Deferred tax liabilities	1,614,597	1,332,445	500,000	-
	(680,636)	(913,225)	500,000	-

26. Deferred tax (cont'd)

The components and movements of deferred tax liabilities and assets during the financial year prior to offseting are as follows :

Deferred tax liabilitles/(assets) of the Group :

	Accelerated capital allowances RM	Trade receivables RM	Other payables RM	Unabsorbed losses RM	Total RM
At 1 October 2008	1,332,445	(364,700)	(1,500,500)	(380,470)	(913,225)
Recognised in income statement	282,152	96,100	92,400	(238,063)	232,589
At 30 September 2009	1,614,597	(268,600)	(1,408,100)	(618,533)	(680,636)
At 1 October 2007	1,105,485	(286,000)	(1,749,000)	(168,628)	(1,098,143)
Recognised in income statement	226,960	(78,700)	248,500	(211,842)	184,918
At 30 September 2008	1,332,445	(364,700)	(1,500,500)	(380,470)	(913,225)

Deferred tax liabilities of the Company:

	Dividend receivable RM'000
At 1 October 2008	-
Recognised in income statement	500,000
At 30 September 2009	500,000

26. Deferred tax (cont'd)

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

	Group 2009 RM	Group 2008 RM
Unutilised tax losses	1,525,186	115,737
Unabsorbed reinvestment allowances	4,937,885	4,576,077
Unabsorbed capital allowances	2,068,684	-

27. Share capital

	Number of ordinary shares of RM0.50 each 2009	Number of ordinary shares of RM0.50 each 2008	Amount 2009 RM	Amount 2008 RM
Authorised				
At beginning/end of the year	200,000,000	200,000,000	100,000,000	100,000,000
Issued and fully paid				
At beginning/end of the year	80,000,000	80,000,000	40,000,000	40,000,000

28. Foreign exchange reserve

The foreign exchange reserve comprises foreign exchange differences arising from the translation of financial statements of foreign subsidiaries.

29. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopt 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 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 September 2009, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

30. Operating lease arrangements

The Group as lessor

he Group has entered into non-cancellable operating lease arrangements on its investment property portfolio. These leases have remaining non-cancellable lease terms of between 2 and 3 years.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables, are as follows :

	2009 RM	2008 RM
Not later than 1 year	303,400	384,000
Later than 1 year and not later than 5 years	1,200	216,000
	304,600	600,000

Investment property rental income, including contingent rent, recognised in profit or loss during the financial year is disclosed in Note 6.

31. Capital commitments

	Group 2009 RM	Group 2008 RM
Capital expenditure :		
Approved and contracted for	-	1,203,000
Rental expenditure :		
Not later than 1 year	985,522	908,172
Later than 1 year but not later than 5 years	49,550	823,072
	1,035,072	1,731,244

32. Contingent liabilities

	Company 2009 RM	Company 2008 RM
Unsecured :		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	7,260,905	8,565,914

33. Significant related party transactions

	2009 RM	2008 RM
Group		
Sales to directors' related company :		
- Pusat Tuisyen Seri Pelangi	-	3,332
Purchases from associate :		
- Pelangi Smart Kids Culture Media Pte Ltd, Hebei	20,757	15,769
Rental income from directors' related company :		
- Pusat Tuisyen Seri Pelangi	-	17,133
Rental expenses to directors :		
- Sum Kown Cheek	57,600	57,600
- Loh Hing Chuen	18,000	18,000
Gross dividends from subsidiaries	2,000,000	5,000,000

The directors are of the opinion that all the transactions above have been entered into the normal course of business and have been established on terms and conditions that are mutually agreed.

34. Comparatives

The following comparative amounts in the balance sheet and income statement for the year ended 30 September 2008 have been adjusted in accordance with the finalisation of the PPA exercise as mentioned in Note 2.4 (ii):

Group	As Previously stated RM	Finalisation of PPA exercise (Note 2.4 (ii)) RM	As Restated RM
Description of changes			
Balance sheet			
Minority interest	(758,952)	16,499	(742,453)
Inventories	21,995,681	(43,572)	21,952,109
Income statement:			
Other operating income	(854,550)	26,138	(828,412)
Selling and distribution expenses	7,164,224	(37,770)	7,126,454
Share of loss of associate	117,220	24,403	141,623
Attributable to :			
Equity holders of the Company	(6,620,680)	27,073	(6,593,607)
Minority interest	1,705	(14,302)	(12,597)
Profit for the year	(6,618,975)	12,771	(6,606,204)

35. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, foreign currency risk, liquidity risk and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

35. Financial instruments (cont'd)

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt; the Group had no substantial long term interest-bearing assets as at 30 September 2009. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits, marketable securities or occasionally, in short term commercial papers.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

(c) Foreign currency risk

The Group is mainly exposed to foreign exchange risk in respect of United States Dollar and Singapore Dollar. As at 30 September 2009, the net unhedged financial assets of the Group that are not denominated in their functional currencies are as follows :

	Net financial assets held in non-functional currency		
Functional Currency of Group Companies	**United States Dollar RM**	**Singapore Dollar RM**	**Total RM**
At 30 September 2009			
Ringgit Malaysia	30,412	36,051	66,463
Indonesia Rupiah	1,141,074	-	1,141,074
Thai Baht	580,556	-	580,556
	1,752,042	36,051	1,788,093
At 30 September 2008			
Ringgit Malaysia	155,936	-	155,936
Indonesia Rupiah	1,127,742	-	1,127,742
Thai Baht	580,556	-	580,556
	1,864,234	-	1,864,234

(d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(f) Fair values

The carrying value of current financial assets and current financial liabilities of the Group approximate their value due to their short term nature whilst the carrying value of long term borrowings is estimated to be approximate the fair value estimated based on the current rates available for borrowing with the same maturity profile.

36. Segment information

(a) Business segments

The Group is organised into three major business segments:

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

Other business segments include rental and other investment income.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	Publishing and production RM	Printing RM	Education RM	Others RM	Eliminations RM	Consolidation RM
At 30 September 2009						
Revenue						
External sales	43,778,375	10,430,877	1,146,917	360,000	-	55,716,169
Inter-segment sales	2,538,971	2,097,057	753,838	2,705,672	(8,095,538)	-
	46,317,346	12,527,934	1,900,755	3,065,672	(8,095,538)	55,716,169

36. Segment information (cont'd)

	Publishing and production RM	Printing RM	Education RM	Others RM	Eliminations RM	Consolidation RM
Results						
Segment results	8,842,596	339,452	(1,122,134)	397,945	-	8,457,859
Finance costs						(502,414)
Share of results of associates						(158,314)
Taxation						(2,589,564)
Net profit for the year						5,207,567
Assets						
Segment assets	55,150,057	12,824,794	1,982,086	28,093,157		98,050,094
Investment in associates	-	-	-	228,596		228,596
						98,278,690
Liabilities						
Segment liabilities	9,210,538	3,045,939	690,804	6,916,063		19,863,344
Other information						
Capital expenditure	1,210,221	611,000	243,460	-		2,064,681
Depreciation	1,379,737	1,150,652	178,769	236,788		2,945,946

36. Segment information (cont'd)

	Publishing and production RM	Printing RM	Education RM	Others RM	Eliminations RM	Consolidation RM
At 30 September 2008 (Restated)						
Revenue						
External sales	49,933,297	12,068,661	776,623	360,000	-	63,138,581
Inter-segment sales	2,714,849	2,342,649	71,310	5,705,672	(10,834,480)	-
	52,648,146	14,411,310	847,933	6,065,672	(10,834,480)	63,138,581
Results						
Segment results	9,764,647	176,598	(92,364)	498,724	-	10,347,605
Finance costs						(616,468)
Share of results of associates						(141,623)
Taxation						(2,983,310)
Profit after taxation						6,606,204
Assets						
Segment assets	56,979,559	13,371,683	2,672,334	22,887,238		95,910,814
Investment in associates				386,910		386,910
						96,297,724
Liabilities						
Segment liabilities	9,448,497	3,595,920	807,984	7,422,056		21,274,457
Other information						
Capital expenditure	836,869	36,447	206,184	-		1,079,500
Depreciation	1,652,413	1,101,142	52,528	237,147		3,043,230

(b) Geographical segments

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

LIST OF PROPERTIES

The details of landed properties owned by the Company as at 30 September, 2009 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 30/9/2009 (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	23	155,831	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	21	153,408	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. ft.	Freehold	17	122,034	1992
PPSB	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	8	260,306 @	2001

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 30/9/2009 (RM)	Date of Acquisition
PPSB (...con't)	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	8	260,306 @	2001
	HS (M) 16909 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	16	101,744	1993
	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	11	315,650 ^	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	5	127,846 %	2004

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 30/9/2009 (RM)	Date of Acquisition
PPSB (...con't)	Master Title GRN 42506 Lot 1193 Town of Kuala Lumpur	Condominium A23-05, Block A Menara Kenanga Kuala Lumpur	Residential	859.5 sq. ft.	Freehold	13	172,755	1996
	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	12	98,011	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	10	66,298	1999
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	9	18,531,468	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	12	854,322 #	1997

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 30/9/2009 (RM)	Date of Acquisition
TPSB [...con't]	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	17	291,160	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	10	88,322	1999
	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	13	303,056 &	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	-	1,952,981	1997

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 30/9/2009 (RM)	Date of Acquisition
TCP	Lot Nos: 31081, 31082 & 31083 Mukim of Petaling	1 1/2 Storey Terrace Factories No: 4, 6 & 8, Jalan SR 4/18 Taman Serdang Raya Seri Kembangan Selangor	Industrial	Lot 1081 : 2,701 sq ft Lot 1082 : 2,701 sq. ft. Lot 1083 2,701 sq. ft.	Leasehold Expiring on 13/10/2086	13	1,035,792	1996
CMSB	HS(D) 85917 PTD 48345 Mukim of Plentong	1 1/2 Storey Terrce Factory 8 Jalan Rosmerah 1/4 Taman Johor Jaya 81100 Johor Bahru	Industrial	4,800 sq. ft.	Freehold	17	306,278	1992
PFSB	HS(D) 196765 PTD 109093 Mukim of Plentong	1 1/2 Storey Terrce Factory 16, Jalan Bukit 2 Kawasan MIEL, Seri Alam, 81750 Masai	Industrial	19,800 sq.ft.	Freehold	10	913,548	1999

Notes :
@ Original NBV RM294,930.00 less impairment RM34,624
^ Original NBV RM507,814 less Impairment RM192,164
% Original NBV RM285.372 less Impairment RM157,526
# Original NBV RM1,055,889 less Impairment RM201.567
& Original NBV RM459,451 less Impairment RM156,395

STATEMENT OF SHAREHOLDINGS

As at 10 February 2010

Authorised capital	:	RM100,000,000-00 divided into 200,000,000 Ordinary Shares of RM0.50 each
Issued and fully paid-up capital	:	RM40,000,000.00
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
4	Less than 100	104	0.00
743	100 to 1,000	730,400	0.91
653	1,001 to 10,000	2,873,800	3.59
201	10,001 to 100,000	7,047,690	8.81
63	100,001 to less than 5% of issued shares	44,125,295	55.16
3	5% and above of issued shares	25,222,711	31.53
1,667		80,000,000	100.00

THIRTY LARGEST SHAREHOLDERS

	Name of shareholder	Number of shares	Percentage of shares
1.	Sum Kown Cheek	16,929,711	21.16
2.	Lembaga Tabung Angkatan Tentera	4,293,000	5.37
3.	United Logistics Sdn Bhd	4,000,000	5.00
4.	Chung Shan Kwang	3,700,000	4.63

	Name of shareholder	Number of shares	Percentage of shares
5.	Fang Mei Sin	3,636,625	4.55
6.	Goh Kheng Jiu	3,200,000	4.00
7.	Sinar Qiqi Sdn. Bhd.	3,200,000	4.00
8.	Lai Swee Chiung	2,749,972	3.44
9.	Lee Kheng Hon	2,747,972	3.43
10.	Lai Chin Heng	2,498,290	3.12
11.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for British and Malayan Trustees Limited	2,100,000	2.63
12.	Sam Yuen @ Sam Chin Yan	2.037,290	2.55
13.	Permodalan Nasional Berhad	1,500,000	1.88
14.	Ang Hwi Lin	964,990	1.21
15.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kah Eng	942,300	1.18
16.	Chin Khuan Meng	692,500	0.87
17.	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Tan Gaik Suan	676,800	0.85
18.	The Hui Guan	598,300	0.75
19.	Amanah Raya Berhad Kumpulan Modal Bumiputra Pahang	589,000	0.74

	Name of shareholder	Number of shares	Percentage of shares
20.	Goh Pek Hen	546,000	0.68
21.	Koh Chee Wah	464,100	0.58
22.	Cheah Swee Kit	459,000	0.57
23.	Tan Kim Chai	440,000	0.55
24.	Citigroup Nominees (Asing) Sdn Bhd CBHK for Pengana Global Small Companies Solution	440,000	0.55
25.	Koh Wei Yeng	420,000	0.53
26.	Chung Shan Yong	400,000	0.50
27.	Chung Shan Meng	400,000	0.50
28.	Lee Wei Ling	400,000	0.50
29.	Chung Soo Cheng	400,000	0.50
30.	MIDF Amanah Investment Nominees (Asing) Sdn BHd Pledged Securities Account for Tham Kien Wei	400,000	0.50

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	%	Indirect	%
Sum Kown Cheek	16,929,711	21.16	2,749,972[a]	3.44
Lembaga Tabung Angkatan Tentera	4,293,000	5.37	-	-
Lai Swee Chiung	2,749,972	3.44	16,929,711[a]	21.16
United Logistics Sdn. Bhd.	4,000,000	5.00	-	-
Sam Yuen @ Sam Chin Yan	2,037,290	2.55	4,546,000[b]	5.68

(a) Deemed interested by virtue of the shareholding of his spouse.
(b) Deemed interested by virtue of his interests in United Logistics Sdn. Bhd. and the shareholding of his spouse.

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	%	Indirect Interest	%
Sum Kown Cheek	16,929,711	21.16	2,749,972[a]	3.44
Chung Shan Kwang	3,700,000	4.63	-	-
Sam Yuen @ Sam Chin Yan	2,037,290	2.55	4,546,000[b]	5.68
Lee Kheng Hon	2,747,972	3.43	-	-
Syahriza Binti Senan	11,000	0.014	-	-
Winston Paul Wong Chi-Huang*	-	-	-	-
Vincent Wong Soon Choy**	-	-	-	-

(a) Deemed interested by virtue of the shareholding of his spouse.
(b) Deemed interested by virtue of his interests in United Logistics Sdn. Bhd. and the shareholding of his spouse.

Note:
* *Mr Winston Paul Wong Chi-Huang was appointed as Director on 10 February 2009.*
** *Mr Vincent Wong Soon Choy was appointed as Alternate Director to Winston Paul Wong Chi-Huang on 10 February 2009.*

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 Eighth Annual General Meeting of the Company to be held at Melati Hall, Palm Resort Golf & Country Club Malaysia, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor Darul Takzim, Malaysia on Friday, 26 March, 2010 at 11.00 a.m and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

NO	RESOLUTION	FOR	AGAINST
1.	Receive the Audited Financial Statements together with the Reports.		
2.	Approval of Final Dividend.		
3.	Approval of Directors' Fees.		
4.	Re-election of Mr Sum Kown Cheek as Director.		
5.	Re-election of Mr Chung Shan Kwang as Director.		
6.	Re-appointment of Messrs Ernst & Young as Auditors.		
7.	Authority to Allot Shares – Section 132D.		
8.	Approval for the Proposed Shareholders' Mandate For Recurrent Related Parties Transactions.		

Please indicate with a cross (X) 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 ....2010.

NO. OF SHARES HELD	CDS ACCOUNT

....
Signature of Member(s)

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.

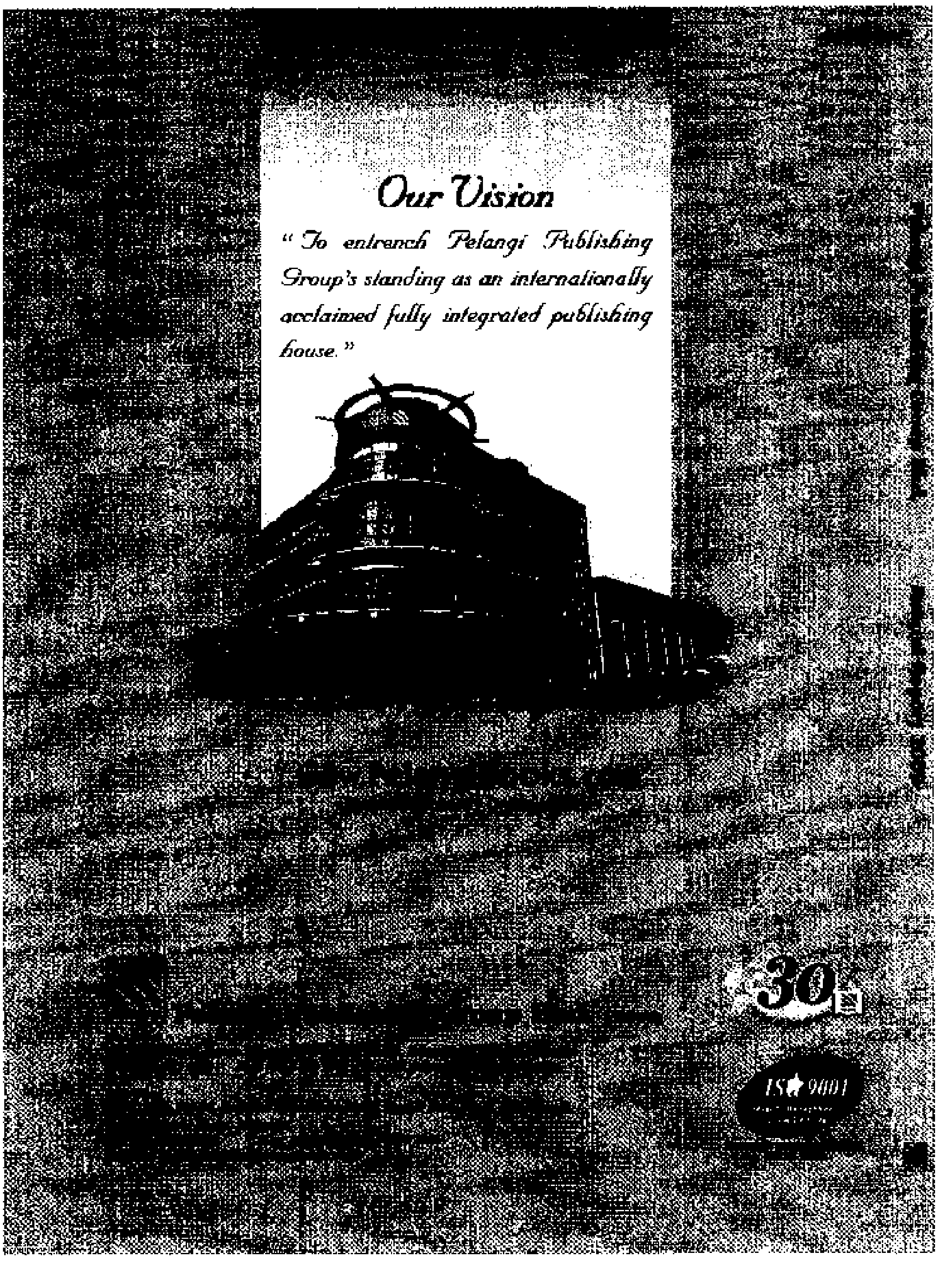
c. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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.

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.


Our Vision
" To entrench Pelangi Publishing Group's standing as an internationally acclaimed fully integrated publishing house."
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ISO 9001