

QUALITY BOOKS FOR QUALITY EDUCATION

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PELANGI PUBLISHING GROUP BHD. (593649-H)
(Incorporated in Malaysia)

ANNUAL REPORT 2018



Pelangi Publishing Group Bhd.

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NEW FEATURE IN THIS ANNUAL REPORT

The digital version of PPG Annual Report 2018 is available from our website.

Go to <http://www.PelangiPublishing.com> or scan the QR code with your smart phone.



Corporate INFORMATION

BOARD OF DIRECTORS

DATUK SUM KOWN CHEEK
(Executive Chairman and Group
Managing Director)

SUM LIH KANG
(Executive Director)

KOH SIEW SHERN
(Executive Director)

VINCENT WONG SOON CHOY
(Independent Non-Executive Director)

SYAHRIZA BINTI SENAN
(Independent Non-Executive Director)

DATIN DR. NORRIZAN BINTI RAZALI
(Appointed on 30 November 2018)
(Independent Non-Executive Director)

WONG TUCK CHEONG
(Appointed on 30 November 2018)
(Non-Independent Non-Executive Director)

DATUK SAM YUEN @ SAM CHIN YAN
(Retired on 30 November 2018)
(Non-Independent Non-Executive Director)

VINCENT WONG SOON CHOY
Chairman

SYAHRIZA BINTI SENAN
Member

DATIN DR. NORRIZAN BINTI RAZALI
(Appointed on 30 November 2018)
Member

WONG TUCK CHEONG
(Appointed on 30 November 2018)
Member

DATUK SAM YUEN @ SAM CHIN YAN
(Retired on 30 November 2018)
Member

NOMINATION COMMITTEE

VINCENT WONG SOON CHOY
Chairman

SYAHRIZA BINTI SENAN
Member

DATIN DR. NORRIZAN BINTI RAZALI
(Appointed on 30 November 2018)
Member

REMUNERATION COMMITTEE

SYAHRIZA BINTI SENAN
Chairman

VINCENT WONG SOON CHOY
Member

DATUK SUM KOWN CHEEK
Member

DATIN DR. NORRIZAN BINTI RAZALI
(Appointed on 30 November 2018)
Member

BOARD RISK MANAGEMENT COMMITTEE

SYAHRIZA BINTI SENAN
Chairman

VINCENT WONG SOON CHOY
Member

SUM LIH KANG
Member

SECRETARIES

LEONG SIEW FOONG
(MAICSA NO. 7007572)

HUAN CHUAN SEN @ AH LOY
(MACS 01519)

ZARINA BINTI AHMAD
(LS NO. 0009964)
(Resigned on 30 September 2018)

AUDITORS

GRANT THORNTON MALAYSIA
(Member Firm of Grant Thornton
International Ltd)

Chartered Accountants

LEVEL 11, SHERATON IMPERIAL
COURT, JALAN SULTAN ISMAIL,
50250 KUALA LUMPUR

REGISTERED OFFICE

SUITE 6.1A, LEVEL 6,
MENARA PELANGI,
JALAN KUNING, TAMAN PELANGI,
80400 JOHOR BAHRU, JOHOR

TEL: 07-332 3536

FAX: 07-332 4536

SHARE REGISTRAR

**SYMPHONY SHARE REGISTRARS
SDN. BHD.** (COMPANY NO: 378993-D)

LEVEL 6, SYMPHONY HOUSE
PUSAT DAGANGAN DANA
1, JALAN PJU 1A/46
47301 PETALING JAYA, SELANGOR
TEL: 03-7481 8000
FAX: 03-7481 8008

PRINCIPAL BANKERS

**ALLIANCE BANK MALAYSIA
BERHAD**

PUBLIC BANK BERHAD

MALAYAN BANKING BERHAD

**RHB INVESTMENT BANK
BERHAD**

STOCK EXCHANGE

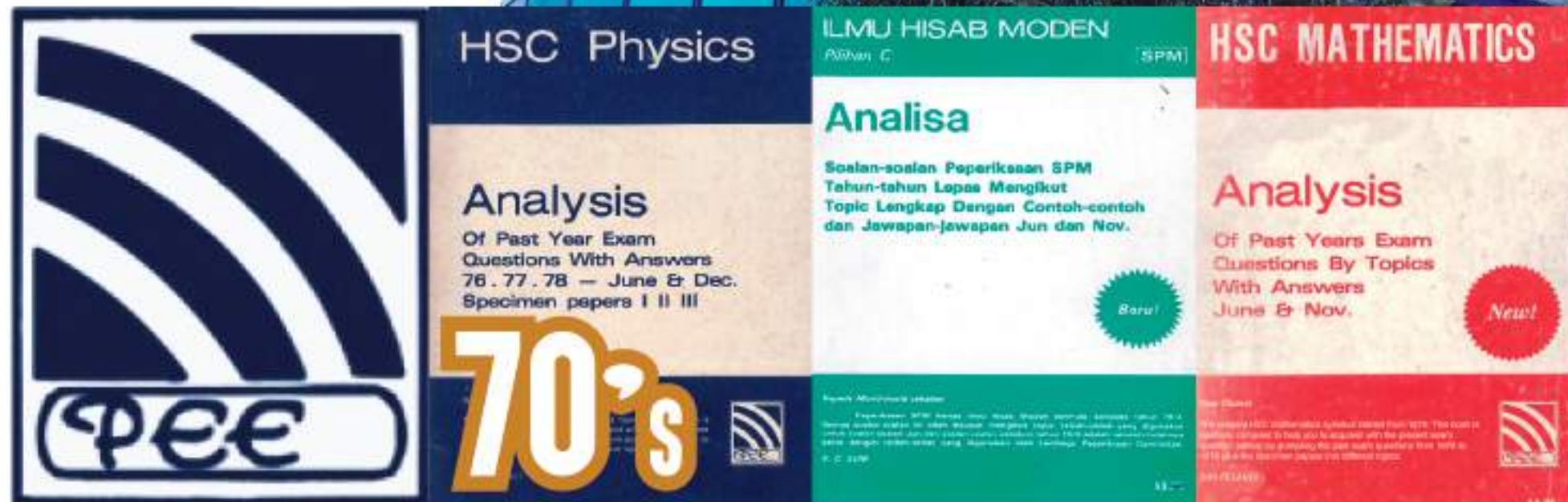
**MAIN MARKET OF THE
BURSA MALAYSIA SECURITIES
BERHAD**

Bursa Stock Code: 7190

WEBSITE: www.pelangipublishing.com

Corporate MILESTONE

**PELANGI, derived from its place of origin -
Taman Pelangi, Johor Bahru, Malaysia in 1979....**



70's

- Founded By A Team Of Young Teachers
- Pelangi Education Enterprise (PEE)

80's

- 1st Pelangi textbook awarded by Government
- Incorporation of Penerbitan Pelangi Sdn. Bhd. & Tunas Pelangi Sdn. Bhd.
- Comtech Marketing Sdn. Bhd. Printing Business
- Formpress Sdn. Bhd. 2nd printing company



Journey Through the Years

2019 is a milestone for us as Pelangi Publishing marks its **40th anniversary**.

Established in 1979, Pelangi Publishing has a rich history of looking forward and leading change in the markets we serve.

This historic milestone signifies success in the past, strength for the present and confidence for the future.

Pelangi Publishing Group Bhd. ("PPG") has made a significant commitment to its transformation, taking the next step on its continuing journey to become a fully learner-driven organisation.



90's

- Became official publishing licensee of Disney
- **Overseas Rights**
Collaborations with International Publishers
- Started to publish **Children Books**
- **E-commerce website**



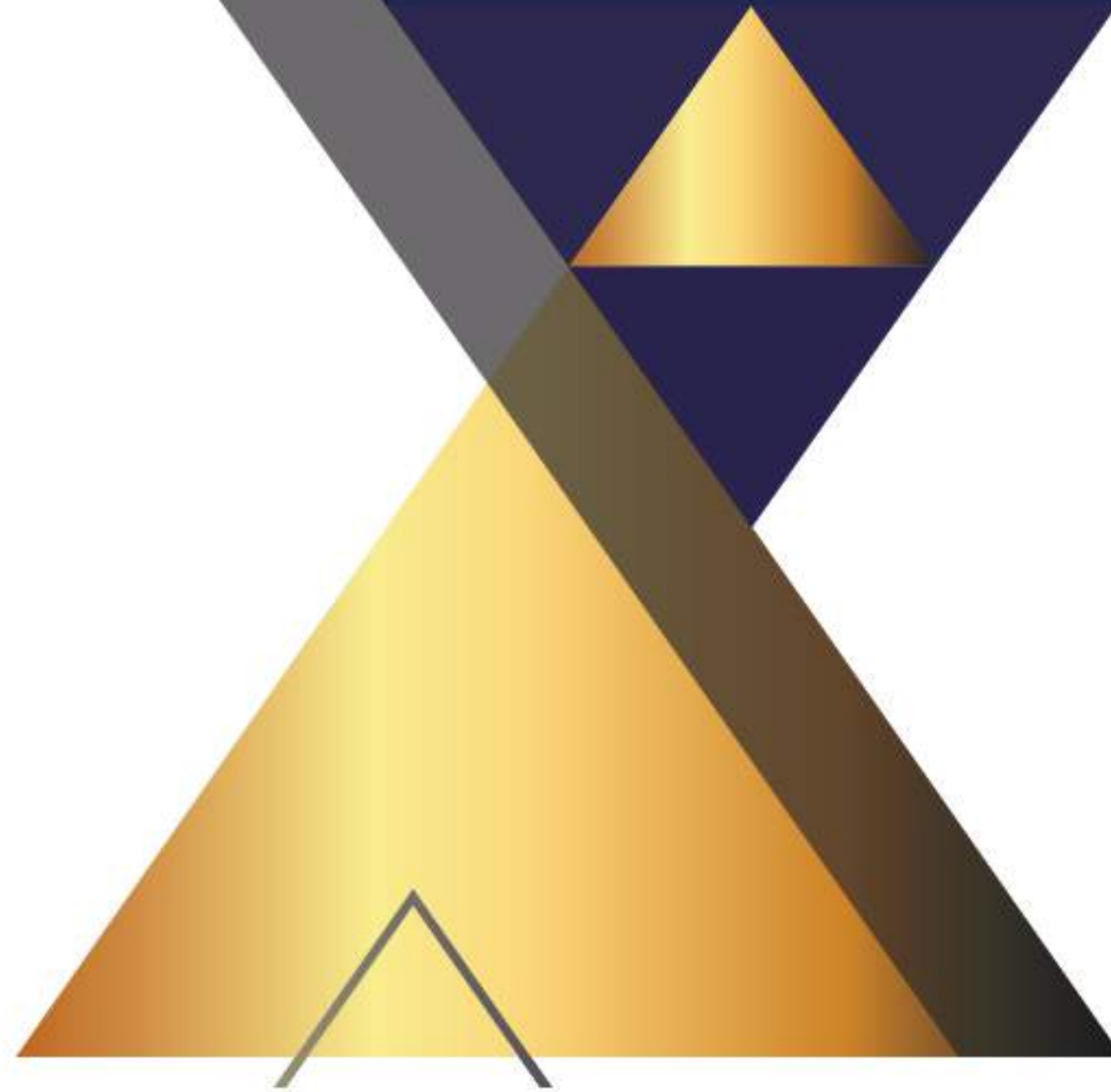
10's

- Expansion in **Digital & Multimedia**
- **Pelangi Professional Sdn. Bhd.**
Higher Education Publications
- **Xentral Methods Sdn. Bhd.**
Claz'Room Academy
- **Pelangi Interactive eBook**

00's

- Awarded **ISO 9001**
- **The Commercial Press, Sdn. Berhad**
3rd Printing company
- **Public Listed** on Bursa Malaysia
- Set up of regional offices in **Thailand and Indonesia**

Corporate PROFILE



PPG or "the Group" is one of the leading educational publisher headquarters in Malaysia with its subsidiaries in Thailand, Indonesia, Singapore, UK and associate company in China.

Dedicated to the betterment of quality education, Pelangi Publishing Group Bhd. has an excellent track record in the design, publication, warehousing and distribution of books, magazines, multimedia and digital products since 1979.



Our Presence & Operations



We are a leading regional educational publisher of

- Early Learning
- Kindergarten
- Primary School
- Secondary School
- Higher Education

PUBLISHING & PRODUCTION
<ul style="list-style-type: none"> Since 1979 > 200 staffs Editing, Illustrating & Designing, Typesetting Children Books, Academic Books, Higher Education, Digital Educational products, Comics, Magazines, Novels Certified ISO 9001:2015 Team in Malaysia, Thailand and Indonesia

PRINTING
<ul style="list-style-type: none"> Since 1983 > 100 staffs Forms, envelopes, calendar, diaries, books, magazines, posters and etc. Team in Malaysia

EDUCATION & OTHERS
<ul style="list-style-type: none"> Education services and properties investments Primary and secondary school tuition and hosting service Courses of 2D illustration, 3D animation and game development Team in Malaysia

Our BRAND



Published

Over **1,050** titles/year
Overall **25,517** titles in print

Supplied to schools of

13 states in Malaysia
76 states in Thailand
34 provinces in Indonesia

448
employees

Distribute to

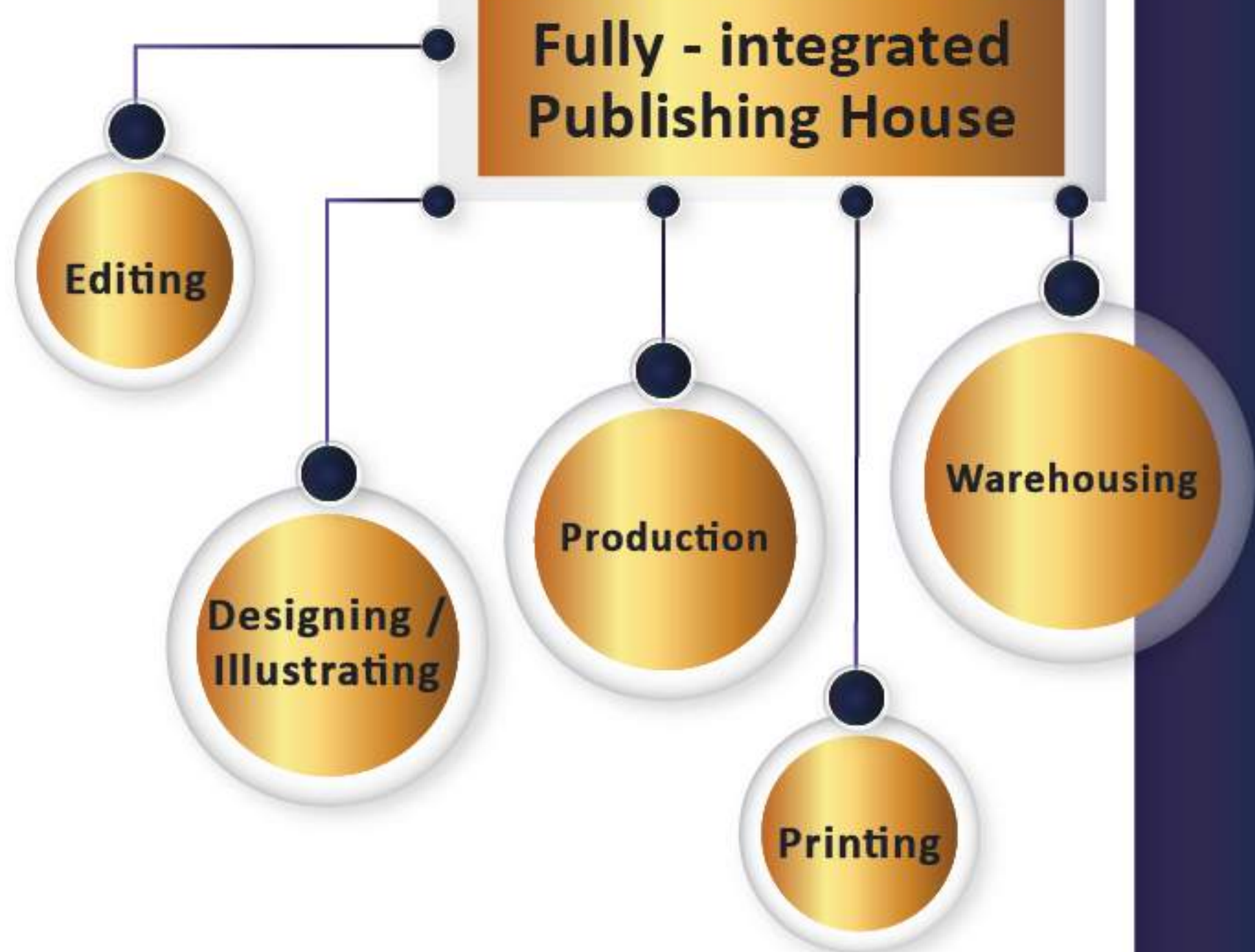
1,706 bookstores in Malaysia
661 bookstores in Thailand
206 bookstores in Indonesia

**Corporate
FACT SHEET**

Export to

20
countries worldwide

**Fully - integrated
Publishing House**



Events HIGHLIGHT

October 2017
Frankfurt Book Fair



November 2017

19th Poem Writing Competition cum 12th Fable Writing Competition Prize Presentation in conjunction with 19th World of Chinese Book Fair at MIECC, Seri Kembangan



February 2018

Books sponsorship to Yayasan Sarana Pendidikan Malaysia SK Penderas (Orang Asli) and Persatuan Sindrom Down Malaysia



March 2018
New Book Launching at Skrine and Book Selling Session



April 2018

Program bersama anak-anak Orang Asli, SK Ulu Tembeling, Jerantut, Pahang



Phoenix Publishing Group China visited Pelangi Bangi office



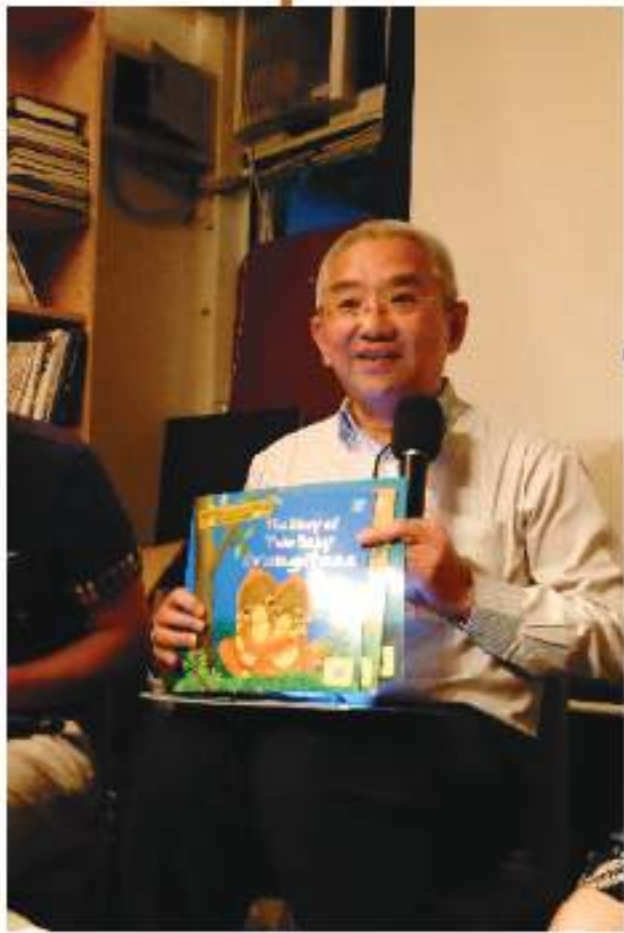
May 2018

Project management training, industry 4.0 training and team workshops in Pelangi's Bangi office.



June 2018

Team building for sales and marketing team at Eagle Ranch Resort, Port Dickson



July 2018

Seven Participants from Thailand, Indonesia and Malaysia visited Taipei Rights workshop, summer 2018 edition

August 2018

Pelangi CSR programme which collaboration with Community Recycle for Charity (CRC)



24th Beijing International Book Fair 2018



September 2018

Poliklinik Wirabakti blood test at Pelangi's Bangi office



At a Glance

Total
REVENUE

RM **68.245**
Million

PROFIT for the
Financial Year

RM **471**
Thousand

Total **EBITDA**

RM **4.837**
Million

Total
SHAREHOLDERS'
EQUITY

RM **95.946**
Million

EARNINGS
per share

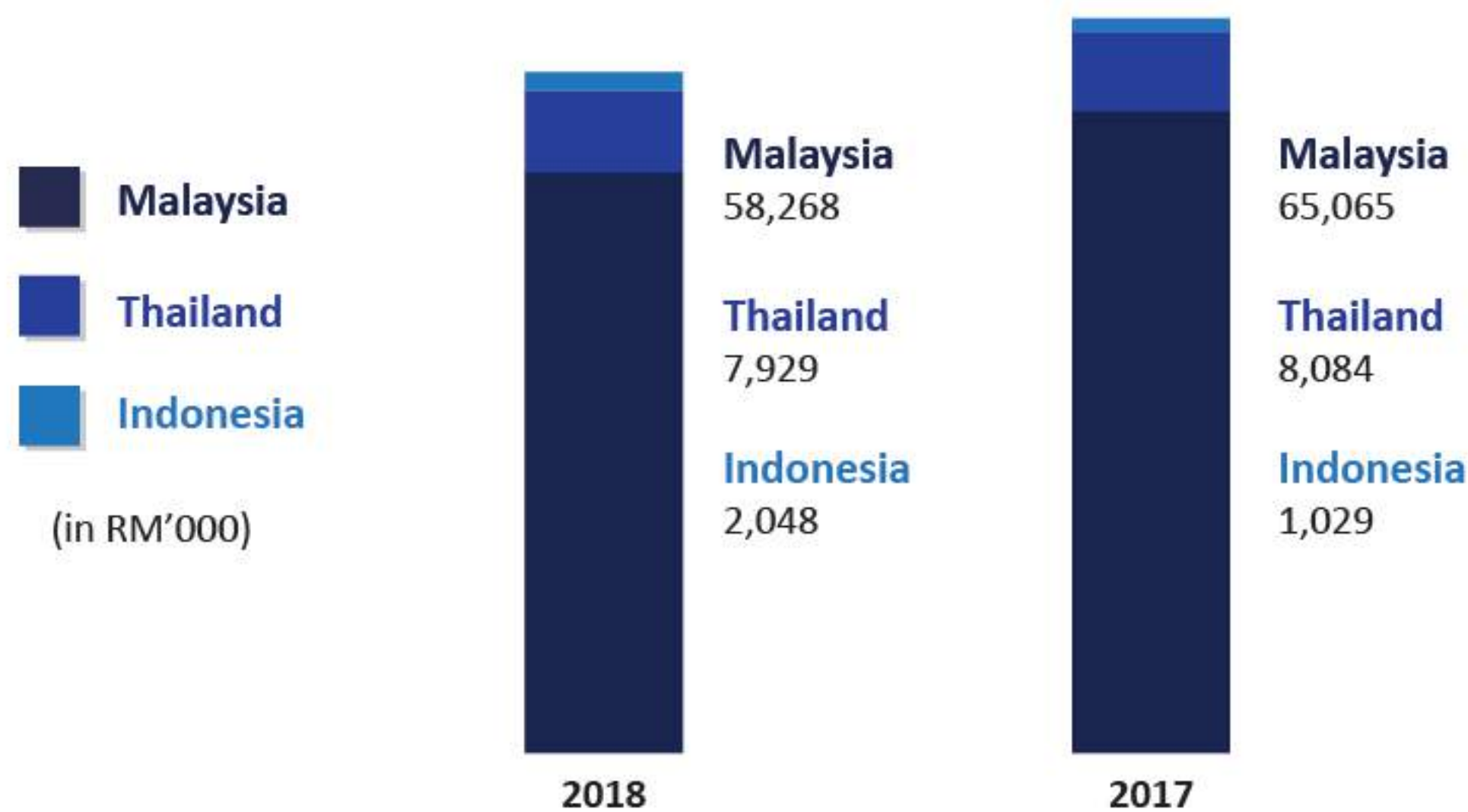
0.49 Sen

NET ASSETS
per share

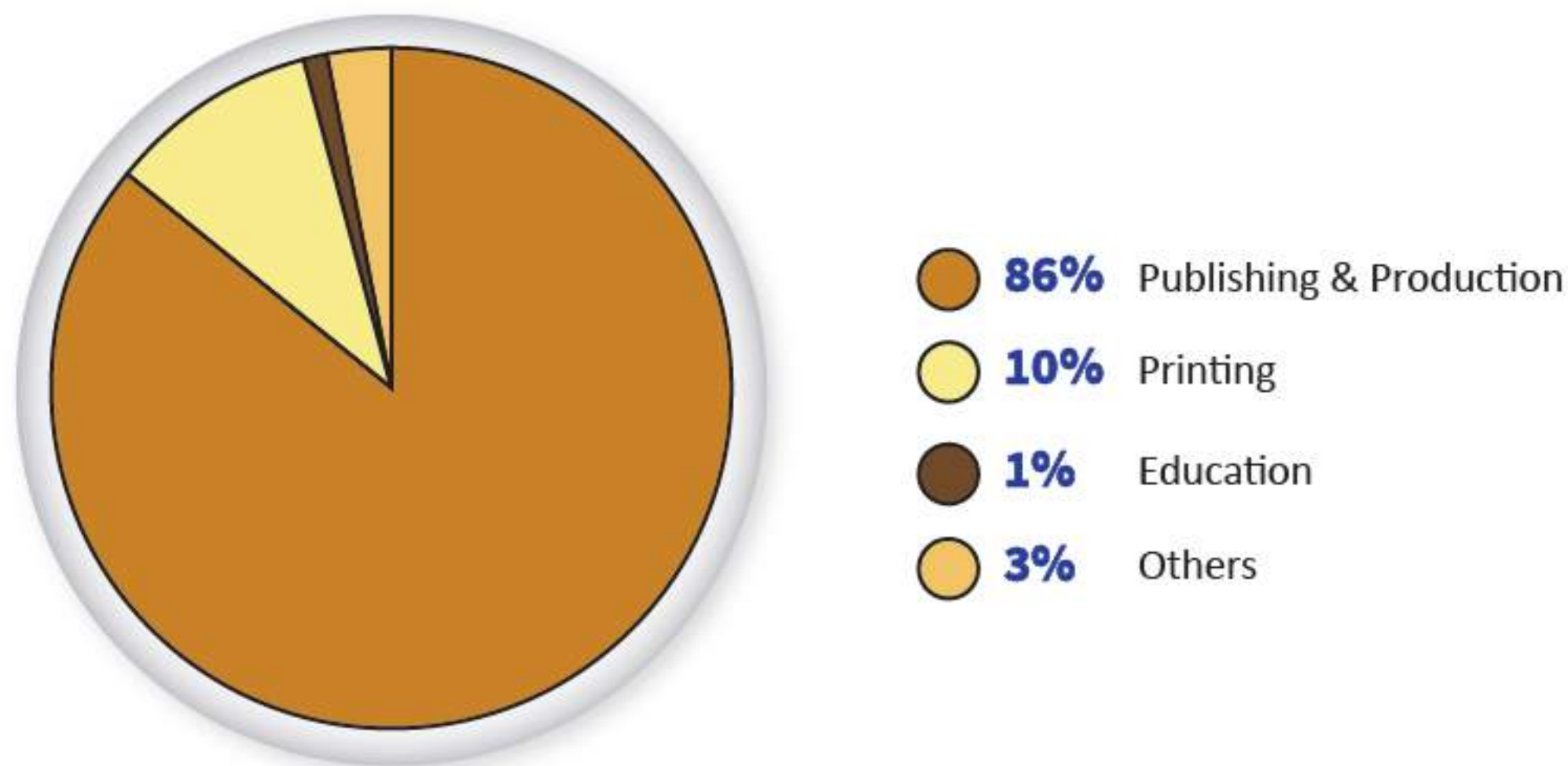
RM **0.99**

Group Segmental Performance

Revenue 2018 by geographical area



Revenue 2018 by segmental



Summary of Segment

SEGMENT REVENUE	Publishing and Production RM	Printing RM	Education RM	Others RM	Consolidated Group RM
30.09.2018					
Revenue (in RM'000)					
Total revenue	60,359	10,886	640	6,774	78,659
Inter-segment	(1,860)	(3,995)	-	(4,559)	(10,414)
External customers	58,499	6,891	640	2,215	68,245
	86%	10%	1%	3%	

2019 Prospects

01

ASEAN MARKET

More investment and product development will be placed in growing footprint in ASEAN markets.

02

INNOVATIVE

To enhance and develop digital educational contents including Augmented Reality (AR), Virtual Reality (VR), integrated assessment tools, mobile-based learning, and other multimedia learning tools.

03

COST EFFICIENCY

Focus on improving operational efficiency and tightening cost control in Publishing & Production and Printing segments.

04

EXPAND AND EVOLVE

Explore other opportunities and expand its businesses into potential industries.

Chairman's Statement

Dear Fellow Shareholders,

“On behalf of the Board of Directors of Pelangi Publishing Group Bhd. (“PPG” / “the Group”) I am pleased to present the Annual Report and Financial Statements for the financial year ended 30 September 2018.”

This year, PPG celebrates its 40th anniversary. Since our establishment in 1979, PPG is a company that thrives to help people make progress in their lives through learning. Our content, products, and services are designed to help people adapt to our changing world, navigate its challenges and opportunities, and make progress in their lives. PPG is here to keep the whole world learning, because where learning flourishes, so do people.

After four decades packed with ups and downs, 2018 was a challenging year. We have been hit hard mainly by forex losses due to the strengthening of Ringgit Malaysia against Indonesia Rupiah, lesser textbook revenue from government open tender in Malaysia, reduction of quantity orders for primary school workbooks in Malaysia due to government policies and fewer commercial printing jobs.

Nonetheless, there have been positive business developments for the Group's future growth. We remain committed in returning the Group to growth and building a stronger, more durable business. Our education segment is now making profits and is growing steadily, with more student intake to our childcare centre and Claz'room Academy in Johor Bahru. The Group will continue to expect positive contribution and promote a greater brand name with this segment moving forward.

The Group is also pleased to share that PT. Penerbitan Pelangi Indonesia (“PTPPI”) has seen good growth as compared to the last comparative period. PPG will continue to focus in creating and leveraging on educational content to produce localised products that can add value to a product, turn a commodity into a differentiated product, and expand the value of the product. Moving forward, we see significant growth opportunities in the ASEAN region, especially Indonesia and Thailand.

Corporate and Business Development

For 40 years, PPG has been develop school learning materials and it is our pride and joy to be one of the most trusted brands for students and teachers. The commitment and efforts by the Group into education are the most fundamental investments we can make towards securing the future well-being of ASEAN children. As we look ahead to the rest of year 2018 and beyond, we are focused on the K-12 education market, with more innovative and attractive early learning products, including Augmented Reality products, board books, animations, touch and learn books and educational toys.

It is also exciting to see the Group transitioning from printing to digital media, and to see the increased focus on customer experience. We have also stepped up efforts to increase our pace of change to ensure that we continue to deliver consistently high quality customer service. The Group has worked tirelessly to reduce costs and make our operations more efficient – without compromising on the quality of the products nor the potential to create value for shareholders in the long term. We have removed complex, and redundant procedures from customer order processes and streamlined them for simplicity. Embracing business process automation also help to improve the effectiveness of our services and at a lower cost.

Business Outlook

The Group is optimistic about what the future holds and expects to make further progress in 2019. The outlook for educational publishing industry is depend on external factors, including the direction of the national education plans, growth in population, income and expenditure, as well as key initiatives by the Government. Nonetheless, the Group is well-prepared for future growth, with our rich content bank and our continued penetration into digital mediums of content production as we already have a steadily growing digital content portfolio and delivery system in place.

We see ourselves as an education solutions provider and are now on a mission to further strengthen our expertise and move into all sectors of the market by diversifying our income streams which will add value to our shareholders.

Over time, the Group will deliver a more sustainable, more profitable business, delivering better educational outcomes for learners.

Appreciation

I would like to express my utmost and sincere appreciation to the employees, business associates, financiers, government bodies and authorities, shareholders and fellow Board members. May we continue to work together to achieve greater growth and success for the betterment of the Pelangi Publishing Group Bhd.

Datuk Sum Koun Cheek

Executive Chairman and Group Managing Director