

## Balance sheets as at 30 September 2008 (cont'd)

	Note	Group		Company	
		2008	2007	2008	2007
		RM	RM	RM	RM
		(Restated)			
<b>Non-current liabilities</b>					
Long term borrowings	23	6,585,020	8,380,627	-	-
Deferred tax liabilities	26	1,332,445	1,105,485	-	-
		<u>7,917,465</u>	<u>9,486,112</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Short term borrowings	23	1,889,110	2,111,531	-	-
Trade and other payables	25	11,459,334	14,428,207	108,902	1,054,499
Tax payable		8,548	18,104	-	-
		<u>13,356,992</u>	<u>16,557,842</u>	<u>108,902</u>	<u>1,054,499</u>
<b>Total liabilities</b>		<u>21,274,457</u>	<u>26,043,954</u>	<u>108,902</u>	<u>1,054,499</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>96,341,296</u>	<u>95,805,568</u>	<u>52,122,995</u>	<u>51,344,283</u>

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

Attributable to equity holders of the Company

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

**Company statement of changes in equity  
For the year ended 30 September 2008**

	Note	Attributable to equity holders of the Company					
		Share capital	Share premium	Foreign exchange reserve	Retained earnings	Minority interests	Total equity
		RM	RM	RM	RM	RM	RM
<b>At 1 October 2006</b>		40,000,000	3,162,051	-	1,680,380	-	44,842,431
Profit for the year		-	-	-	7,053,347	-	7,053,347
Dividends	11	-	-	-	(1,605,994)	-	(1,605,994)
<b>At 30 September 2007</b>		40,000,000	3,162,051	-	7,127,733	-	50,289,784
Profit for the year		-	-	-	3,500,309	-	3,500,309
Dividend	11	-	-	-	(1,776,000)	-	(1,776,000)
<b>At 30 September 2008</b>		40,000,000	3,162,051	-	8,852,042	-	52,014,093

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

**Cash flow statements**  
**For the year ended 30 September 2008**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
	<b>(Restated)</b>			
<b>Cash flows from operating activities</b>				
Profit before tax	9,602,285	10,017,425	4,774,857	9,753,347
Adjustments for :				
Amortisation of goodwill	-	567	-	-
Amortisation of prepaid lease payment	100,472	102,470	-	-
Amortisation of development expenditure	83,450	-	-	-
Negative goodwill recognised	(98,001)	-	-	-
Bad debts written off	70,129	193,608	-	-
Dividend income (gross)	-	-	(5,000,000)	(10,000,000)
Depreciation	3,043,230	3,095,233	-	-
Property, plant and equipment written off	60,955	4,914	-	-
Gain on disposal of property, plant and equipment	(106,494)	(627,997)	-	-
Gain on disposal of investment	-	(392)	-	-
Gain on disposal of prepaid lease land	-	(62,074)	-	-
Interest income	(326,957)	(999,834)	-	-
Interest expenses	616,468	772,737	-	-
Impairment of goodwill	368,711	-	-	-
Unrealised foreign exchange (gain)/loss	(110,131)	44,322	(3,896)	-
Provision for doubtful debts	692,383	243,683	-	-
Write back of provision for doubtful debts	(224,008)	(2,974,218)	-	-
Provision for stock obsolescence	72,627	-	-	-
Reversal of provision for impairment loss	-	(209,026)	-	-
Share of results of associates	117,220	239,654	-	-
Operating profit/(loss) before working capital changes	13,962,339	9,841,072	(229,039)	(246,653)
Inventories	(5,462,834)	493,528	-	-
Receivables	1,536,258	7,603,306	(1,070,581)	(5,407,270)
Payables	(5,909,929)	(1,875,408)	(945,598)	25,832
Cash generated from/(used in) operations	4,125,834	16,062,498	(2,245,218)	(5,628,091)
Dividend income (net)	-	-	3,700,000	7,200,000
Interest paid	(616,468)	(765,349)	-	-
Tax refunded	585,351	590,756	83,411	79,290
Taxes paid	(3,787,160)	(3,131,674)	-	-
Net cash generated from operating activities	307,557	12,756,231	1,538,193	1,651,199

**Cash flow statements (cont'd)**  
**For the year ended 30 September 2008**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Cash flows from investing activities</b>		<b>(Restated)</b>		
Acquisition of additional shares in subsidiaries	-	(1,093,000)	-	(4,286)
Acquisition of subsidiary	(184,477)	-	-	-
Development cost	(153,808)	-	-	-
Purchase of property, plant and equipment	(883,900)	(923,361)	-	-
Interest received	326,957	992,446	-	-
Proceeds from disposal of investment	-	9,331	-	-
Proceeds from disposal of plant and equipment	244,752	1,116,410	-	-
Proceeds from disposal of prepaid lease land	-	271,170	-	-
Net cash (used in)/generated from investing activities	<u>(650,476)</u>	<u>372,996</u>	<u>-</u>	<u>(4,286)</u>
<b>Cash flows from financing activities</b>				
Dividend paid	(1,776,000)	(1,605,994)	(1,776,000)	(1,605,994)
Repayment of term loans	(969,973)	(1,015,500)	-	-
Repayment of hire purchase and lease payables	<u>(1,269,441)</u>	<u>(2,061,480)</u>	<u>-</u>	<u>-</u>
Net cash used in financing activities	<u>(4,015,414)</u>	<u>(4,682,974)</u>	<u>(1,776,000)</u>	<u>(1,605,994)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,358,333)</b>	<b>8,446,253</b>	<b>(237,807)</b>	<b>40,919</b>
<b>Effects of foreign exchange rate changes</b>	<b>87,374</b>	<b>(7,240)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>	<u><b>21,232,516</b></u>	<u><b>12,793,503</b></u>	<u><b>951,356</b></u>	<u><b>910,437</b></u>
<b>Cash and cash equivalents at end of year (Note 21)</b>	<u><u><b>16,961,557</b></u></u>	<u><u><b>21,232,516</b></u></u>	<u><u><b>713,549</b></u></u>	<u><u><b>951,356</b></u></u>

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

**Notes to the financial statements - 30 September 2008****1. Corporate information**

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Second Board 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 9 January 2009.

**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)

### (i) 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 item 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 Changes in accounting policies and effect arising from adoption of new and revised FRSs

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the adoption of the following new and revised FRSs on 1 October as discussed below :

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 119 <sub>2004</sub>	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosure
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment In a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach to FRS 129 Financial Accounting in Hyper inflationary Economies
IC Interpretation 8	Scope of FRS 2 Share-based Payments

The adoption of the above new and revised FRSs and IC Interpretations did not have any significant impact on the financial statements of the Company.

## 2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRS, and 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 4: Insurance Contract	1 January 2010
FRS 7: Financial Instruments: Disclosure	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139 : Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The above FRS and Interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application.

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

## 2.5 Significant accounting estimates and judgements

### 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 RM1,463,000 (2007: RM649,000) and unrecognised tax losses, capital allowances and reinvestment allowance was RM4,692,000 (2007: RM4,306,000)

## 3. Revenue

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
	(Restated)			
Sales of goods	63,138,581	62,346,425	-	-
Dividend income	-	-	5,000,000	10,000,000
	<u>63,138,581</u>	<u>62,346,425</u>	<u>5,000,000</u>	<u>10,000,000</u>

#### 4. Cost of sales

Cost of sales represents cost of inventories sold.

#### 5. Finance costs

	2008 RM	2007 RM
<b>Group</b>		
Bank overdraft interest	3,582	10
Term loan interest	474,125	669,306
Lease and hire purchase interest	138,761	57,377
Bankers acceptance interest	-	46,044
	<u>616,468</u>	<u>772,737</u>

#### 6. Profit from operations

	<b>Group</b>		<b>Company</b>	
	2008 RM	2007 RM (Restated)	2008 RM	2007 RM
Profit from operations is stated after charging/(crediting) :				
Amortisation of goodwill	-	566	-	-
Amortisation of prepaid lease payment	100,472	102,470	-	-
Amortisation of development expenditure	83,450	-	-	-
Auditors' remuneration				
- Auditors' of the Company				
- Statutory audits	90,000	99,960	17,000	17,000
- Over provision in prior year	(1,000)	(10,000)	-	-
- Other services	25,000	10,000	-	10,000
- Other auditors				
- Statutory audits	27,091	13,864	-	-
- Other services	-	5,280	-	-
Bad debts written off	70,129	193,705	-	-
Bad and doubtful debts recovered	-	(313,756)	-	-
Depreciation (Note 12)	3,043,230	3,095,233	-	-
Dividend income (gross)	-	-	(5,000,000)	(10,000,000)

**6. Profit from operations (cont'd)**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
	<b>(Restated)</b>			
Profit from operations is stated after charging/(crediting) :				
Gain on disposal of plant and equipment	(106,494)	(627,997)	-	-
Gain on disposal of prepaid lease land	-	(62,074)	-	-
Gain on disposal of investment	-	(392)	-	-
Directors' fees	171,833	354,000	40,000	60,000
Impairment on goodwill	368,712	-	-	-
Loss/(Gain) on foreign exchange				
- Realised	51,510	51,663	-	25,077
- Unrealised	(110,131)	44,322	(3,896)	-
Negative goodwill on acquisition (Note 15 (a)(i))	(98,001)	-	-	-
Property, plant and equipment written off	60,955	4,914	-	-
Provision for doubtful debts	692,383	243,683	-	-
Provision for obsolete stock	72,627	-	-	-
Reversal of impairment loss on property	-	(209,026)	-	-
Rental income	(1,225,902)	(313,337)	-	-
Rental				
- Land and building	1,310,901	1,311,704	-	-
- Plant and equipment	30,965	1,966	-	-
Write back of provision for doubtful debts	(224,008)	(2,974,218)	-	-
Interest income	(326,957)	(999,834)	-	-
Employee benefits expense (Note 7)	<u>11,196,433</u>	<u>11,271,015</u>	<u>-</u>	<u>-</u>

**7. Employee benefits expense**

	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
Wages and salaries	10,042,463	10,166,988
EPF	1,020,019	983,349
Social security cost	133,951	120,678
	<u>11,196,433</u>	<u>11,271,015</u>

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM1,323,427 (2006 : RM1,506,088) as further disclosed in Note 8.

**8. Directors' remuneration**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Directors of the Company</b>				
Executive :				
Salaries and other emoluments	607,692	687,101	-	-
Fees	225,500	300,000	-	-
Bonus	78,860	91,412	-	-
EPF	7,200	11,232	-	-
	<u>919,252</u>	<u>1,089,745</u>	<u>-</u>	<u>-</u>
Non-executive :				
Fees	40,000	60,000	40,000	60,000
	<u>959,252</u>	<u>1,149,745</u>	<u>40,000</u>	<u>60,000</u>
<b>Directors of the Subsidiaries</b>				
Executive :				
Salaries and other emoluments	283,777	315,240	-	-
Fees	20,000	30,912	-	-
Bonus	37,050	(6,000)	-	-
EPF	23,348	16,191	-	-
	<u>364,175</u>	<u>356,343</u>	<u>-</u>	<u>-</u>
Total	<u>1,323,427</u>	<u>1,506,088</u>	<u>40,000</u>	<u>60,000</u>

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

	<b>Number of Directors</b>	
	<b>2008</b>	<b>2007</b>
Executive directors :		
Below RM50,000	-	1
RM50,001 - RM200,000	1	-
RM200,001 - RM250,000	1	1
RM250,001 - RM300,000	-	1
RM450,001 - RM500,000	-	1
RM500,001 - RM550,000	1	-
Non-Executive directors :		
Below RM100,000	3	2

**9. Income tax expense**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current income tax :				
Malaysian income tax	2,871,430	2,120,054	1,300,000	2,700,000
(Over)/Underprovision in prior year	(73,038)	31,285	(25,452)	-
	<u>2,798,392</u>	<u>2,151,339</u>	<u>1,274,548</u>	<u>2,700,000</u>
Deferred tax (Note 26) :				
Relating to origination and reversal of temporary differences	306,404	806,174	-	-
Relating to changes in tax rates	(19,898)	(26,634)	-	-
Overprovision in prior years	(101,588)	(56,435)	-	-
	<u>184,918</u>	<u>723,105</u>	<u>-</u>	<u>-</u>
Share of taxation of associates	-	(16,224)	-	-
	<u>2,983,310</u>	<u>2,858,220</u>	<u>1,274,548</u>	<u>2,700,000</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007 : 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009.

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:

<b>Group</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Profit before tax	<u>9,602,285</u>	<u>10,017,425</u>
Taxation of Malaysian statutory tax rate of 26% (2007 : 27%)	2,496,594	2,704,705
Effect of changes in tax rates on opening balance of deferred tax	(19,898)	(12,603)
Effects of expenses not deductible for tax purposes	928,781	788,714
Effects of tax rate at 20% on first RM500,000 of chargeable income for qualified small and medium enterprise	(110,965)	(110,125)
Deferred tax relating to changes in tax rates	7,264	(15,734)
Effects of utilisation of current year's reinvestment allowance	(83,950)	(112,909)
Deferred tax not recognised on business loss	25,802	43,271
Effects of income not subject to tax	(85,692)	(385,725)
Overprovision of deferred tax in prior years	(101,588)	(56,435)
(Over)/Underprovision of income tax expense in prior year	(73,038)	31,285
Effects of share of associates results at lower tax rate	-	(16,224)
Income tax expense for the year	<u>2,983,310</u>	<u>2,858,220</u>



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

	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
<b>Company</b>		
Profit before taxation	<u>4,774,857</u>	<u>9,753,347</u>
Taxation of Malaysian statutory tax rate of 26% (2007 : 27%)	1,241,463	2,633,404
Effects of expenses not deductible for tax purposes	32,735	23,325
Deferred tax not recognised	25,802	43,271
Overprovision of income tax expense in prior year	<u>(25,452)</u>	<u>-</u>
Income tax expense for the year	<u>1,274,548</u>	<u>2,700,000</u>

**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.

	<b>2008</b>	<b>2007</b>
Profit attributable to ordinary equity holders of the Company	6,620,680	7,048,382
Weighted average number of ordinary shares in issue	80,000,000	80,000,000
Basic earnings per share (sen)	<u>8.3</u>	<u>8.8</u>

**(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.

**10. Earnings per share (cont'd)**

	2008	2007
Profit attributable to ordinary equity holders of the Company	<u>6,620,680</u>	<u>7,048,382</u>
Weighted average number of ordinary shares in issue	80,000,000	80,000,000
Effects of dilution :		
Share options	<u>3,368,000</u>	<u>4,629,000</u>
Average weighted number of ordinary shares in issue and issuable	<u>83,368,000</u>	<u>84,629,000</u>
Diluted earnings per share (sen)	<u>7.9</u>	<u>8.3</u>

**11. Dividends**

	Dividends in respect of year		Dividends recognised in year	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Recognised during the year:</b>				
Final dividend for 2006:				
5.5% less 27% taxation, on 80,000,000 ordinary shares (2.00 sen per ordinary shares)	-	1,605,994	-	1,605,994
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	-
<b>Proposed for approval at AGM (not recognised as at 30 September):</b>				
Final dividend for 2008:				
5.5% less 25% taxation, on 80,000,000 ordinary shares (2.06 sen per ordinary share)	1,650,000	-	-	-
	<u>3,426,000</u>	<u>1,605,994</u>	<u>1,776,000</u>	<u>1,605,994</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 September 2008, of 5.5% less 25% taxation on 80,000,000 ordinary shares amounting to a dividend payable of RM1,650,000 (2.06 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 2009.

## 12. Property, plant and equipment

Group	Freehold land RM	Buildings RM	Buildings- in-progress RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	*Others RM	Total RM
<b>At 30 September 2008</b>								
<b>Cost</b>								
At 1 October 2007	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
<b>Accumulated depreciation and impairment losses</b>								
At 1 October 2007	-	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
<b>Net Carrying Amount</b>								
At 30 September 2008	1,409,089	13,962,042	-	733,532	5,219,810	624,231	2,673,059	24,621,763

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

At 30 September 2007 (Restated)	Freehold land RM	Buildings RM	Buildings- in-progress RM	Renovation RM	Plant and machinery RM	Motor Vehicles RM	*Others RM	Total RM
<b>Cost</b>								
At 1 October 2006	1,409,089	13,003,009	4,002,624	2,281,098	14,481,271	3,604,663	10,852,273	49,634,027
Additions	-	427,841	-	59,905	320,000	112,698	258,377	1,178,821
Disposals	-	(831,326)	-	-	-	(551,289)	(29,888)	(1,412,503)
Written off	-	-	-	-	-	-	(29,131)	(29,131)
Reclassification	-	4,002,624	(4,002,624)	-	-	-	-	-
Exchange differences	-	-	-	-	-	(2,950)	(9,432)	(12,382)
At 30 September 2007	1,409,089	16,602,148	-	2,341,003	14,801,271	3,163,122	11,042,199	49,358,832
<b>Accumulated depreciation and impairment losses</b>								
At 1 October 2006	209,026	2,218,413	-	1,463,231	7,216,013	2,623,785	7,265,629	20,996,097
Charge for the year (Note 6)	-	310,382	-	298,562	1,197,094	324,191	965,004	3,095,233
Disposals	-	(381,484)	-	-	-	(508,806)	(29,040)	(919,330)
Written off	-	-	-	-	-	-	(24,217)	(24,217)
Reversal of impairment loss	(209,026)	-	-	-	-	-	-	(209,026)
Exchange differences	-	-	-	-	-	(565)	(1,540)	(2,105)
At 30 September 2007	-	2,147,311	-	1,761,793	8,413,107	2,438,605	8,175,836	22,936,652
<b>Net carrying amount</b>								
At 30 September 2007	1,409,089	14,454,837	-	579,210	6,388,164	724,517	2,866,363	26,422,180

\* 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 :

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Motor vehicles	488,366	454,857
Plant and machinery	2,547,167	3,326,944
	<u>3,035,533</u>	<u>3,781,801</u>

- (b) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM1,079,500 (2007 : RM1,178,821) of which RM195,600 (2007 : RM255,460) 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 :

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Freehold land	471,860	471,860
Buildings	12,419,182	12,835,378
	<u>12,891,042</u>	<u>13,307,238</u>

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

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Plant and machinery	3,448,322	2,782,875
Motor vehicles	1,175,203	1,368,392
Renovation	970,445	585,545
Other assets	6,609,556	5,619,513
	<u>12,203,526</u>	<u>10,356,325</u>

**13. Investment properties**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
		<b>(Restated)</b>
Freehold land		
Cost	2,050,271	2,050,271
Less: Accumulated depreciation	-	-
Net carrying amount	<u>2,050,271</u>	<u>2,050,271</u>
Fair value of investment properties	<u>2,744,270</u>	<u>2,744,270</u>

**14. Prepaid land lease payments**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
		<b>(Restated)</b>
Cost	9,865,932	10,075,028
Less: Accumulated amortisation	(915,732)	(815,260)
	<u>8,950,200</u>	<u>9,259,768</u>
Disposal of prepaid land lease	-	(209,096)
At 30 September	<u>8,950,200</u>	<u>9,050,672</u>

Leasehold land costing RM8,567,425 (2007 : RM8,663,477) are pledged for borrowings as referred to in Note 23.

**15. Investment in subsidiaries**

	<b>Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	<u>33,602,321</u>	<u>33,602,321</u>

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

Details of the subsidiaries are as follows :

Name of subsidiaries	Country of incorporation	Principal activity	Equity interest held (%)	
			2008	2007
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

**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 Kids Educare Sdn Bhd	Malaysia	Dormant.	100	100
Elite Corridor Sdn. Bhd.	Malaysia	Investment holding, property letting and property management.	100	100

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

Name of subsidiaries	Country of incorporation	Principal activity	Equity interest held (%)	
			2008	2007
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	30
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	20
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
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.



**15. Investment in subsidiaries (cont'd)****(a) Acquisition of subsidiary**

On 20 May 2008, a subsidiary, Pelangi Publishing Holdings Sdn Bhd, acquired additional 32.134% equity interest in Pelangi Multimedia Technologies Sdn Bhd. The principal activities of the Company are multimedia and graphic designing and the production of educational CD ROM and related IT products.

The cost of acquisition comprised the following:

	<b>RM 2008</b>
Purchase consideration satisfied by cash	<u>184,477</u>

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

Revenue	754,893
Loss for the year	<u>(7,108)</u>

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 RM6,490,685 respectively.

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

**(i) Pelangi Multimedia Technologies Sdn Bhd**

	<b>Fair value recognised on acquisition RM</b>	<b>Acquiree's carrying amount RM</b>
Plant and equipment	544,164	544,164
Intangible asset (Note 18)	263,440	263,440
Inventories	575,360	575,360
Trade and other receivables	815,894	815,894
Cash and bank balances	<u>8,327</u>	<u>8,327</u>
	<u>2,207,185</u>	<u>2,207,185</u>
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	(374,795)	(374,795)
Interest previously accounted for as an associate	<u>(271,493)</u>	<u>(271,493)</u>
	<u>(1,916,380)</u>	<u>(1,916,380)</u>

**15. Investment in subsidiary (cont'd)****(a) Acquisition of subsidiary (Cont'd)****(i) Pelangi Multimedia Technologies Sdn Bhd (Cont'd)**

	<b>Fair value recognised on acquisition RM</b>	<b>2008 RM</b>
Fair value of net assets	290,805	
Negative goodwill on acquisition (Note 6)	<u>(98,001)</u>	
Total cost of acquisition	<u><u>192,804</u></u>	
Purchase consideration		192,804
Less: Cash and cash equivalent in subsidiaries		<u>(8,327)</u>
Net cash outflow on acquisition		<u><u>184,477</u></u>

- \* The initial accounting for the above business acquisition has been accounted for using provisional values as the fair value to be assigned to the acquiree's identifiable assets or liabilities can be determined only provisionally, due to certain components of the assets and the liabilities acquired further considerations before the amount can be finally determined.

**16. Investment in associates**

<b>Group</b>	<b>Group</b>		<b>Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>	<b>2008 RM</b>	<b>2007 RM</b>
Unquoted shares, at cost				
In Malaysia	30,000	60,000	-	-
Outside Malaysia	<u>369,907</u>	<u>369,907</u>	<u>369,907</u>	<u>369,907</u>
	399,907	429,907	369,907	369,907
Less : Provision for impairment loss	<u>(29,999)</u>	<u>(29,999)</u>	<u>-</u>	<u>-</u>
	369,908	399,908	369,907	369,907
Share of post-acquisition reserve	<u>17,002</u>	<u>375,715</u>	<u>-</u>	<u>-</u>
	<u><u>386,910</u></u>	<u><u>775,623</u></u>	<u><u>369,907</u></u>	<u><u>369,907</u></u>

**16. Investment in associates (cont'd)**

Details of associated companies are as follows :

Name of associates	Country of incorporation	Principal activities	Equity interest held (%)	
			2008	2007
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
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The summarised financial information of the associates are as follows:

	2008 RM	2007 RM
<b>Assets and liabilities</b>		
Current assets	1,781,586	3,261,137
Non-current assets	334,484	720,123
Total assets	<u>2,116,070</u>	<u>3,981,260</u>
Current liabilities	1,254,095	2,436,307
Non-current liabilities	-	12,872
Total liabilities	<u>1,254,095</u>	<u>2,449,179</u>
<b>Results</b>		
Revenue	902,915	2,815,754
Loss for the year	<u>(221,309)</u>	<u>(784,529)</u>

**17. Other investments**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Other investments in Malaysia, at cost :		
Club membership	26,200	26,200
Investment in quoted equity shares	290	290
	<u>26,490</u>	<u>26,490</u>
Market value of quoted equity shares	<u>360</u>	<u>360</u>

**18. Intangible assets**

	<b>Goodwill</b>	<b>Development cost</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Group</b>			
<b>Cost</b>			
At 1 October 2007	1,266,752	-	1,266,752
Additions- internal development	-	153,808	153,808
Acquisition of subsidiary (Note 15)	-	263,440	263,440
At 30 September 2008	<u>1,266,752</u>	<u>417,248</u>	<u>1,684,000</u>
<b>Accumulated amortisation and impairment</b>			
At 1 October 2007	(898,040)	-	(898,040)
Amortisation (Note 6)	-	(83,450)	(83,450)
Impairment loss recognised in profit and loss	(368,712)	-	(368,712)
At 30 September 2008	<u>(1,266,752)</u>	<u>(83,450)</u>	<u>(1,350,202)</u>
<b>Net carrying amount</b>			
30 September 2008	<u>-</u>	<u>333,798</u>	<u>333,798</u>
30 September 2007	<u>368,712</u>	<u>-</u>	<u>368,712</u>

**19. Inventories**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
Raw materials	8,980,511	3,777,313
Work in progress	121,688	122,382
Finished goods	12,893,482	11,828,184
	<u>21,995,681</u>	<u>15,727,879</u>
<b>Net realisable value</b>		
Finished goods	-	446,206
	<u>21,995,681</u>	<u>16,174,085</u>

**20. Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current</b>				
<b>Trade receivables</b>				
Due from associates	-	254,516	-	-
Third parties	15,674,451	13,868,897	-	-
	<u>15,674,451</u>	<u>14,123,413</u>	<u>-</u>	<u>-</u>
Provision for doubtful debts	(1,620,928)	(1,152,262)	-	-
	<u>14,053,523</u>	<u>12,971,151</u>	<u>-</u>	<u>-</u>
<b>Other receivables</b>				
Due from subsidiaries	-	-	17,386,765	16,312,288
Due from associates	5,700	53,835	-	-
Deposits	555,821	508,975	1,000	1,000
Prepayments	575,103	930,751	-	-
Sundry receivables	85,809	117,827	4,000	4,000
	<u>1,222,433</u>	<u>1,611,388</u>	<u>17,391,765</u>	<u>16,317,288</u>
	<u>15,275,956</u>	<u>14,582,539</u>	<u>17,391,765</u>	<u>16,317,288</u>

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 36.

**21. Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>	<b>2008 RM</b>	<b>2007 RM</b>
Cash on hand and at banks	8,593,518	16,448,105	713,549	951,356
Fixed deposits with licensed banks	8,376,860	4,784,411	-	-
Cash and bank balances	16,970,378	21,232,516	713,549	951,356
Less : Bank overdrafts (Note 23)	(8,821)	-	-	-
Cash and cash equivalents	16,961,557	21,232,516	713,549	951,356

Included in cash at banks are amounts of RM1,686,098 (2007 : RM7,354,167) 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 RM750,000 (2007 : 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 3.0% to 3.25% (2007 : 2.5% to 3.7%) per annum.

The average maturity of fixed deposits with licensed banks as at the end of the financial year of the Group ranged from 3 to 30 days (2007 : 3 to 30) days.

**22. Non-current asset held for sale**

	<b>Group</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
Leasehold buildings		
Cost	197,306	-
Less: Accumulated depreciation	(22,517)	-
Net carrying amount	174,789	-

**23. Borrowings**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
<b>Short term borrowings</b>		
Secured :		
Bank overdrafts (Note 21)	8,821	-
Term loans	983,614	912,422
Hire purchase and finance lease payables (Note 24)	896,675	1,199,109
	<u>1,889,110</u>	<u>2,111,531</u>
<b>Long term borrowings</b>		
Secured :		
Term loans	5,867,750	6,908,915
Hire purchase and finance lease payables (Note 24)	717,270	1,471,712
	<u>6,585,020</u>	<u>8,380,627</u>
<b>Total borrowings</b>		
Bank overdrafts (Note 21)	8,821	-
Term loans	6,851,364	7,821,337
	<u>6,860,185</u>	<u>7,821,337</u>
Hire purchase and finance lease payables (Note 24)	1,613,945	2,670,821
	<u>8,474,130</u>	<u>10,492,158</u>
<b>Maturity of borrowings</b> (excluding hire purchase and finance leases)		
Within 1 year	992,435	912,422
More than 1 year and less than 2 years	999,442	994,050
More than 2 years and less than 5 years	2,943,568	2,975,712
5 years or more	1,924,740	2,939,153
	<u>6,860,185</u>	<u>7,821,337</u>

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

	<b>2008</b>	<b>2007</b>
Bank overdrafts	8.25%	8.25%
Bankers' acceptances	-	4.35%
Term loans	4% to 8%	4% to 8.5%

**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, buildings and buildings-in-progress as disclosed in Note 12;
- (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**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
<b>Minimum lease payments :</b>		
Not later than 1 year	967,694	1,333,395
Later than 1 year and not later than 2 years	578,628	938,722
Later than 2 years and not later than 5 years	168,228	618,107
	<u>1,714,550</u>	<u>2,890,224</u>
Less : Future finance charges	(100,605)	(219,403)
	<u><u>1,613,945</u></u>	<u><u>2,670,821</u></u>
<b>Present value of finance lease liabilities:</b>		
Not later than 1 year	896,675	1,199,109
Later than 1 year and not later than 2 years	553,301	875,409
Later than 2 years and not later than 5 years	163,969	596,303
	<u>1,613,945</u>	<u>2,670,821</u>
<b>Analysed as :</b>		
Due within 12 months (Note 23)	896,675	1,199,109
Due after 12 months (Note 23)	717,270	1,471,712
	<u><u>1,613,945</u></u>	<u><u>2,670,821</u></u>

The interest rates of hire purchase and lease payables of the Group at the balance sheet date were between 2.50% to 4.50% (2007 : 3.25% to 4.95%) per annum.



**25. Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current</b>		<b>(Restated)</b>		
<b>Trade payables</b>				
Third parties	1,473,394	3,657,077	-	-
<b>Other payables</b>				
Due to directors	256,231	324,468	-	-
Due to subsidiary	-	-	478	950,000
Accruals	2,000,495	2,949,308	45,836	103,959
Royalty payable	2,664,893	3,520,055	-	-
Provision for returns	2,046,229	1,050,000	-	-
Sundry payables	3,018,092	2,927,299	62,588	540
	<u>11,459,334</u>	<u>14,428,207</u>	<u>108,902</u>	<u>1,054,499</u>

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**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
At 1 October	(1,098,143)	(1,821,248)
Recognised in income statement (Note 9)		
-Current year	286,506	779,540
-Overprovision in prior year	(101,588)	(56,435)
At 30 September	<u>(913,225)</u>	<u>(1,098,143)</u>

Presented after appropriate offsetting as follows :

Deferred tax assets	(2,245,670)	(2,203,628)
Deferred tax liabilities	<u>1,332,445</u>	<u>1,105,485</u>
	<u>(913,225)</u>	<u>(1,098,143)</u>

**26. Deferred tax (cont'd)**

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

**Deferred tax (assets)/liabilities of the Group :**

	<b>Accelerated capital allowances RM</b>	<b>Trade receivables RM</b>	<b>Other payables RM</b>	<b>Unabsorbed losses RM</b>	<b>Total RM</b>
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	<u>1,332,445</u>	<u>(364,700)</u>	<u>(1,500,500)</u>	<u>(380,470)</u>	<u>(913,225)</u>

	<b>Accelerated capital allowances RM</b>	<b>Trade receivables RM</b>	<b>Other payables RM</b>	<b>Unabsorbed losses RM</b>	<b>Total RM</b>
At 1 October 2006	1,306,471	(1,048,000)	(1,918,489)	(161,230)	(1,821,248)
Recognised in income statement	(200,986)	762,000	169,489	(7,398)	723,105
At 30 September 2007	<u>1,105,485</u>	<u>(286,000)</u>	<u>(1,749,000)</u>	<u>(168,628)</u>	<u>(1,098,143)</u>

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

	<b>Group</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
Unutilised tax losses	115,737	159,989
Unabsorbed reinvestment allowances	4,576,077	4,131,874
Unabsorbed capital allowances	<u>-</u>	<u>14,541</u>

The unutilised tax losses and unabsorbed capital allowances of the Company are available for offsetting against future taxable profits subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

**27. Share capital**

	Number of ordinary shares of RM0.50 each		Amount	
	2008	2007	2008 RM	2007 RM
Authorised				
At beginning/end of the year	<u>200,000,000</u>	<u>200,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid				
At beginning/end of the year	<u>80,000,000</u>	<u>80,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>

**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 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 September 2008, 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

The 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 :

	2008 RM	2007 RM
Not later than 1 year	384,000	417,600
Later than 1 year and not later than 5 years	216,000	585,000
	<u>600,000</u>	<u>1,002,600</u>

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	
	2008 RM	2007 RM
Capital expenditure :		
Approved and contracted for	<u>1,203,000</u>	<u>-</u>
Rental expenditure :		
Not later than 1 year	908,172	113,800
Later than 1 year but not later than 5 years	823,072	27,300
	<u>1,731,244</u>	<u>141,100</u>

**32. Contingent liabilities**

	<b>Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
<b>Unsecured :</b>		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	<u>8,565,914</u>	<u>10,694,571</u>

**33. Significant related party transactions**

<b>Group</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Sales to directors' related company :		
- Pusat Tuisyen Seri Pelangi	3,332	1,365
Purchases from associate :		
- Pelangi Smart Kids Culture Media Pte Ltd, Hebei	15,769	-
Rental income from associate :		
- Pelangi Multimedia Technologies Sdn. Bhd	-	6,000
Rental income from directors' related company :		
- Pusat Tuisyen Seri Pelangi	17,133	24,000
Rental expenses to directors :		
- Sum Kown Cheek	57,600	45,600
- Loh Hing Chuen	18,000	18,000
Gross dividends from subsidiaries	<u>5,000,000</u>	<u>10,000,000</u>

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. Prior Year Adjustment

Prior year adjustment relates to the reclassification of investment properties resulting from the first year adoption of FRS 140: Investment Properties and FRS 117: Leases, which was included in the property, plant and equipment in the previous year, to investment properties and prepaid land lease payment respectively. The prior year adjustment does not have any effects on the current financial year. The following comparative amounts as at 30 September 2007 have been restated as follows:

	Previously stated RM	Adjustment RM	Restated RM
Property, plant and equipment	27,073,113	(650,933)	26,422,180
Investment properties	1,191,036	859,235	2,050,271
Prepaid land lease payment	9,258,974	(208,302)	9,050,672
Depreciation	3,063,574	31,659	3,095,233
Amortisation of investment properties	22,777	(22,777)	-
Amortisation of prepaid lease payment	111,352	(8,882)	102,470

### 35. Restatement of comparatives

During the financial year, the group and company has reclass some expenses from administration expenses to selling and other expenses and scrap sales in revenue to other income which gives a fairer presentation of the financial statement. The following comparative amounts as at 30 September 2007 have been restated as follows:

	Previously stated RM	Adjustment RM	Restated RM
<b>Group</b>			
Revenue	62,432,717	(86,292)	62,346,425
Other income	1,720,195	136,766	1,856,961
Administration expenses	(8,983,222)	2,046,296	(6,936,926)
Cost of sales	(38,544,628)	(57,427)	(38,602,055)
Selling expenses	(3,819,225)	18,339	(3,800,886)
Other expenses	(1,776,021)	(2,057,682)	(3,833,703)
<b>Company</b>			
Other expenses	-	5,890	5,890
Administrative expenses	246,653	(5,890)	240,763

### 36. 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.

#### (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 2008. 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 2008, the net unhedged financial assets of the Group that are not denominated in their functional currencies are as follows :

Functional Currency of Group Companies	Net financial assets held in non-functional currency		
	United States Dollar RM	Singapore Dollar RM	Total RM
<b>At 30 September 2008</b>			
Ringgit Malaysia	155,936	-	155,936
Indonesia Rupiah	1,127,742	-	1,127,742
Thai Baht	580,556	-	580,556
	<u>1,864,234</u>	<u>-</u>	<u>1,864,234</u>
<b>At 30 September 2007</b>			
Ringgit Malaysia	125,450	79,177	204,627
Indonesia Rupiah	1,135,604	-	1,135,604
Thai Baht	580,556	-	580,556
	<u>1,841,610</u>	<u>79,177</u>	<u>1,920,787</u>

**36. Financial instruments (cont'd)****(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



### 37. Segment information

#### (a) Business segments

The Group is organised into two major business segments:

- (i) Publishing and production
- (ii) Printing

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	Others RM	Eliminations RM	Consolidation RM
<b>At 30 September 2008</b>					
<b>Revenue</b>					
External sales	49,933,297	12,068,661	1,136,623	-	63,138,581
Inter-segment sales	2,714,849	2,342,649	5,776,982	(10,834,480)	-
	<u>52,648,146</u>	<u>14,411,310</u>	<u>6,913,605</u>	<u>(10,834,480)</u>	<u>63,138,581</u>

#### Results

Segment results	10,335,973
Finance costs	(616,468)
Share of results of associates	(117,220)
Taxation	<u>(2,983,310)</u>
Net profit for the year	<u>6,618,975</u>

**Pelangi Publishing Group Bhd.**  
(Incorporated in Malaysia)

**37. Segment information (cont'd)**

	<b>Publishing and production RM</b>	<b>Printing RM</b>	<b>Others RM</b>	<b>Eliminations RM</b>	<b>Consolidation RM</b>
<b>Assets</b>					
Segment assets	56,979,559	13,371,683	25,603,144	-	95,954,386
Investment in associates	-	-	386,910	-	386,910
					<u>96,341,296</u>
<b>Liabilities</b>					
Segment liabilities	9,448,497	3,595,920	8,230,040	-	<u>21,274,457</u>
<b>Other information</b>					
Capital expenditure	836,869	36,447	206,184	-	1,079,500
Depreciation	1,652,413	1,101,142	289,675	-	3,043,230
<b>At 30 September 2007 (Restated)</b>					
<b>Revenue</b>					
External sales	49,947,820	12,216,191	182,414	-	62,346,425
Inter-segment sales	<u>2,102,168</u>	<u>2,207,476</u>	<u>10,705,673</u>	<u>(15,015,317)</u>	-
	<u>52,049,988</u>	<u>14,423,667</u>	<u>10,888,087</u>	<u>(15,015,317)</u>	<u>62,346,425</u>
<b>Results</b>					
Segment results	9,295,893	1,365,988	367,935	-	11,029,816
Finance costs					(772,737)
Share of results of associates					(239,654)
Taxation					<u>(2,858,220)</u>
Profit after taxation					<u>7,159,205</u>

**37. Segment information (cont'd)**

	<b>Publishing and production RM</b>	<b>Printing RM</b>	<b>Others RM</b>	<b>Eliminations RM</b>	<b>Consolidation RM</b>
<b>Assets</b>					
Segment assets	55,687,028	15,355,971	23,986,946	-	95,029,945
Investment in associates	-	-	775,623	-	<u>775,623</u>
					<u>95,805,568</u>
<b>Liabilities</b>					
Segment liabilities	12,777,143	5,459,089	7,807,722	-	<u>26,043,954</u>
<b>Other information</b>					
Capital expenditure	873,467	295,335	10,019	-	1,178,821
Depreciation	1,759,747	1,107,720	227,766	-	3,095,233

**(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, 2008 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 30/9/2008 (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	22	159,498	1986
	HS (D) 40327 PTD 18338 Mukim of Plentong	3 Storey Shophouse 64, 64A & 64B, Jalan Pingai Taman Pelangi 80400 Johor Bahru	Commercial	1,920 sq. ft.	Freehold	20	156,779	1988
	HS (D) 14840 PTD 11822 Mukim of Plentong	Double Storey Terrace House (Corner) 2, Jalan Ungu 5 Taman Pelangi 80400 Johor Bahru	Residential	3,558 sq. st.	Freehold	16	124,403	1992
	Grant 87051 (formerly held under Grant 17305) Lot 2268 Town of Johor Bahru	Vacant Land 74, Batu 4, Jalan Skudai Johor Bahru	Residential	12,061 sq. ft.	Freehold	-	97,291	1992

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 30/9/2008 (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	7	264,036@	2001
	HS (M) 18909 PTD 14671 Lot 191 Mukim of Plentong	Double Storey Terrace House 28, Jalan SR 8/12 Taman Putra Indah Seri Kembangan Selangor	Residential	1,300 sq.ft.	Leasehold Expiring on 23/09/2090	15	103,016	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	10	321,618	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	4	130,909	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 30/9/2008 (RM)	Date of Acquisition
PPSB [...con't]	Mukim of Kajang Daerah Hulu Langat	Double Storey Terrace House Unit No: M068 Type - Impian, Seksyen 8 Bandar Baru Bangi	Residential	1,300 sq. ft.	Leasehold Expiring on 29/10/2101	4	181,742	2004
	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	12	174,789	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	11	100,247	1997
	Geran 31252 Lot 18369 Mukim of Sg. Pasir, Kedah	Single Storey Medium Cost Terrace House G319, Lorong 29 Taman Sehati Indah 08000 Sg. Petani Kedah	Residential	1,302 sq. ft.	Freehold	9	67,368	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	8	18,852,091	2000

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 30/9/2008 (RM)	Date of Acquisition
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	11	872,477 <sup>#</sup>	1997
	HS (D) 85916 PT 48344 Mukim of Plentong	1 1/2 Storey Terrace Factory 10 Jalan Ros Merah 1/4 Taman Johor Jaya 81000 Johor Bahru	Industrial	4,800 sq. ft.	Freehold	16	295,782	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	9	90,530	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	12	312,042 <sup>a</sup>	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 30/9/2008 (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	12	1,049,244	1996
CMSB	HS(D) 85917 PTD 48345 Mukim of Plentong	1 1/2 Storey Terrace Factory 8 Jalan Rosmerah 1/4 Taman Johor Jaya 81100 Johor Bahru	Industrial	4,800 sq. ft.	Freehold	16	310,551	1992
PFSB	HS(D) 196765 PTD 109093 Mukim of Plentong	1 1/2 Storey Terrace Factory 16, Jalan Bukit 2 Kawasan MIEL, Seri Alam, 81750 Masai	Industrial	19,800 sq.ft.	Freehold	9	928,999	1999

**Notes :**

- @ Original NBV RM298,660 less Impairment RM34,624  
^ Original NBV RM513,782 less Impairment RM192,164  
% Original NBV RM288,435 less Impairment RM157,526  
# Original NBV RM1,074,044 less Impairment RM201,567  
& Original NBV RM468,437 less Impairment RM156,395



## **STATEMENT OF SHAREHOLDINGS**

### **As at 10 February 2009**

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
773	100 to 1,000		758,900	0.95
667	1,001 to 10,000		2,907,600	3.63
181	10,001 to 100,000		6,238,646	7.80
61	100,001 to less than 5% of issued shares		44,832,539	56.04
3	5% and above of issued shares		25,262,211	31.58
1,689			80,000,000	100.00

### **THIRTY LARGEST SHAREHOLDERS**

	Name of shareholders	Number of shares	Percentage of shares
1.	Sum Kown Cheek	16,929,711	21.16
2.	Lembaga Tabung Angkatan Tentera	4,332,500	5.42
3.	United Logistics Sdn Bhd	4,000,000	5.00
4.	PRB Nominees (Tempatan) Sdn Bhd Rubber Industry Smallholders Development Authority	3,787,200	4.73
5.	Chung Shan Kwang	3,700,000	4.63
6.	Fang Mei Sin	3,636,625	4.55
7.	Goh Kheng Jiu	3,200,000	4.00
8.	Sinar Qiqi Sdn Bhd	3,200,000	4.00
9.	Lai Chin Heng	2,998,290	3.75

	<b>Name of shareholders</b>	<b>Number of shares</b>	<b>Percentage of shares</b>
10.	Lai Swee Chiung	2,749,972	3.44
11.	Lee Kheng Hon	2,747,972	3.43
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.	Teh Hui Guan	862,200	1.08
16.	Lim Kah Eng	795,300	0.99
17.	Chin Khuan Meng	692,500	0.87
18.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad	684,200	0.86
19.	Amanah Raya Berhad Kumpulan Modal Bumiputra Pahang	589,000	0.74
20.	Goh Pek Hen	546,000	0.68
21.	Koh Chee Wah	464,100	0.58
22.	Koh Wei Yeng	420,000	0.53
23.	Chung Shan Yong	400,000	0.50
24.	Chung Shan Meng	400,000	0.50
25.	Lee Wee Ling	400,000	0.50
26.	Chung Soo Cheng	400,000	0.50
27.	Lo Siu On	398,300	0.50
28.	Yee Tan Fatt	383,200	0.48
29.	Sim How Chuang	381,000	0.48
30.	Ooi Siew Lim	343,900	0.43

## 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 <sup>(a)</sup>	3.44
Lembaga Tabung Angkatan Tentera	4,332,500	5.42	—	—
Lai Swee Chiung	2,749,972	3.44	16,929,711 <sup>(a)</sup>	21.16
United Logistics Sdn. Bhd.	4,000,000	5.00	—	—
Sam Yuen @ Sam Chin Yan	2,037,290	2.55	4,546,000 <sup>(b)</sup>	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 <sup>(a)</sup>	3.44
Chung Shan Kwang	3,700,000	4.63	—	—
Sam Yuen @ Sam Chin Yan	2,037,290	2.55	4,546,000 <sup>(b)</sup>	5.68
Lee Kheng Hon	2,747,972	3.43	—	—
Mak Tack Meng*	—	—	—	—
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 Mak Tack Meng deceased on 8 January 2009.

\*\* 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 Seventh Annual General Meeting of the Company to  
 be held at Hop Sing II, Ponderosa Golf & Country Club, 10-C, Jalan Bumi Hijau Tiga, Taman Molek, 81100 Johor  
 Bahru, Johor Darul Ta'zim, Malaysia on Friday, 27 March, 2009 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 Lee Kheng Hon as Director.		
5.	Re-election of Cik Syahriza Binti Senan as Director.		
6.	Re-election of Mr Winston Paul Wong Chi-Huang as Director.		
7.	Re-appointment of Messrs Ernst & Young as Auditors.		
8.	Authority to Allot Shares – Section 132D.		
9.	Approval for the Proposed Shareholders' Mandate For Recurrent Related Parties Transactions.		
10.	Approval for the Proposed Shareholders' Mandate For New 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 .....2009.

NO. OF SHARES HELD	CDS ACCOUNT

.....  
 Signature of Member(s)

## Notes:

- 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.
- 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.
- 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.
- 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.
- 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.