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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2010.

Principal activities

The principal activity of the Company is investment holding.

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

There have been no significant changes in the nature of the principal activities during the financial year other than those arising from the disposal of subsidiary as disclosed in Note 15 to the financial statements.

Results

	Group RM	Company RM
Profit for the year	3,937,023	697,950
Attributable to :		
Equity holders of the Company	3,951,570	697,950
Minority interests	(14,547)	-
	3,937,023	697,950

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

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

Dividends

The amount of dividends paid and declared by the Company since 30 September 2009 were as follows :

	RM
In respect of financial year ended 30 September 2009 :	
Final dividend of 4.75% less 25% taxation on 80,000,000 ordinary shares	1,424,997

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 September 2010, of 4.0% less 25% taxation on 100,000,000 ordinary shares amounting to a dividend payable of RM1,500,000 (1.5 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2011.

Directors

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

Sum Kown Cheek
Lee Kheng Hon
Syahriza Binti Senan
Chung Shan Kwang
Sam Yuen @ Sam Chin Yan
Winston Paul Wong Chi-Huang
Vincent Wong Soon Choy

Mr Winston Paul Wong Chi-Huang was re-designated as Alternate Director to Vincent Wong Soon Choy on 1 January 2011.

Mr Vincent Wong Soon Choy was re-designated as Director of the Company on 1 January 2011.

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

Directors' interests

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

	Number of ordinary shares of RM0.50 each				
The Company	**01.10.2009**	**Bonus issue**	**Bought**	**Sold**	**30.9.2010**
Direct interest :					
Sum Kown Cheek	16,929,711	4,232,432	-	-	21,162,143
Lee Kheng Hon	2,747,972	686,993	-	-	3,434,965
Chung Shan Kwang	3,700,000	925,000	-	-	4,625,000
Sam Yuen @ Sam Chin Yan	2,037,290	509,322	-	-	2,546,612
Deemed interest :					
Sum Kown Cheek	2,749,972	687,493	-	-	3,437,465
Sam Yuen @ Sam Chin Yan	4,546,000	1,136,500	-	-	5,682,500
Syahriza Binti Senan	11,000	2,750	-	-	13,750

	Number of ordinary shares of USD1,000 each			
Subsidiary - PT Penerbitan Pelangi Indonesia	**01.10.2009**	**Bought**	**Sold**	**30.9.2010**
Direct interest				
Sum Kown Cheek	5	-	-	5

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM40,000,000 to RM50,000,000 by way of the issuance of bonus shares of 20,000,000 ordinary shares of RM0.50 each.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Treasury shares

During the financial year, the Company repurchased 1,467,400 of its issued ordinary shares from the open market at an average price of RM0.40 per share. The total consideration paid for the repurchase including transaction costs was RM592,418. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 September 2010, the Company held as treasury shares a total of 1,467,400 of its 100,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM592,418 and further relevant details are disclosed in Note 27(b) to the financial statements.

Other statutory information

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

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

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

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

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

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

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

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

Other statutory information (cont'd)

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

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

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

(f) In the opinion of the directors :

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

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

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 January 2011.

Sum Kown Cheek Lee Kheng Hon

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

We, Sum Kown Cheek and Lee Kheng Hon, being two of the directors of Pelangi Publishing Group Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 33 to 87 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 January 2011.

Sum Kown Cheek

Lee Kheng Hon

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

I, Sum Kown Cheek, being the director primarily responsible for the financial management of Pelangi Publishing Group Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 33 to 87 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Sum Kown Cheek
at Johor Bahru in the State of Johor
on 28 January 2011

Sum Kown Cheek

Before me,

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

Report on the financial statements

We have audited the financial statements of Pelangi Publishing Group Bhd, which comprise the balance sheets as at 30 September 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 87, except for explanatory note 36 set out on page 87.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements comprising the balance sheets as at 30 September 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 87, except for explanatory note 36 set out on page 87, have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2010 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

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

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

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

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

Other matters

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

Ernst & Young
AF 0039
Chartered Accountants

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

Johor Bahru, Malaysia
Date: 28 January 2011

Income statements
For the year ended 30 September 2010

		Group		Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Revenue	3	50,629,907	55,716,169	2,000,000	2,000,000
Cost of sales	4	(29,367,688)	(32,884,824)	-	-
Gross profit		21,262,219	22,831,345	2,000,000	2,000,000
Other income		2,020,181	3,652,300	133,366	73,866
		23,282,400	26,483,645	2,133,366	2,073,866
Selling expenses		(5,445,775)	(6,350,087)	-	-
Other expenses		(2,905,051)	(3,058,328)	(11,859)	(7,897)
Administrative expenses		(8,181,302)	(8,617,371)	(517,148)	(293,019)
Operating profit	6	6,750,272	8,457,859	1,604,359	1,772,950
Finance costs	5	(403,786)	(502,414)	-	-
Share of results of associates		(60,879)	(158,314)	-	-
Profit before tax		6,285,607	7,797,131	1,604,359	1,772,950
Income tax expense	9	(2,348,584)	(2,589,564)	(906,409)	(411,000)
Profit for the year		3,937,023	5,207,567	697,950	1,361,950
Attributable to :					
Equity holders of the Company		3,951,570	5,582,181	697,950	1,361,950
Minority interests		(14,547)	(374,614)	-	-
		3,937,023	5,207,567	697,950	1,361,950
Earnings per share attributable to equity holders of the Company (sen) :					
Basic	10	4.0	5.6		

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

Balance sheets as at 30 September 2010

		Group		Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	22,365,370	23,693,188	-	-
Investment properties	13	1,952,980	1,952,980	-	-
Prepaid land lease payments	14	8,749,259	8,849,729	-	-
Investment in subsidiaries	15	-	-	33,607,805	33,607,805
Investment in associates	16	167,717	228,596	369,907	369,907
Other investments	17	26,490	26,490	-	-
Intangible assets	18	-	364,915	-	-
Deferred tax assets	26	2,352,229	2,295,233	-	-
		35,614,045	37,411,131	33,977,712	33,977,712
Current assets					
Inventories	19	24,660,207	18,938,290	-	-
Trade and other receivables	20	13,233,432	13,012,359	13,527,628	11,409,103
Tax recoverable		1,460,769	1,271,462	208,120	614,529
Cash and bank balances	21	22,911,802	27,645,448	3,372,773	6,431,176
		62,266,210	60,867,559	17,108,521	18,454,808
TOTAL ASSETS		97,880,255	98,278,690	51,086,233	52,432,520
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	27	50,000,000	40,000,000	50,000,000	40,000,000
Share premium		-	3,162,051	-	3,162,051
Treasury shares	27	(592,418)	-	(592,418)	-
Foreign exchange reserve	28	(101,406)	(130,881)	-	-
Retained earnings	29	30,674,961	34,986,337	999,001	8,563,997
		79,981,137	78,017,507	50,406,583	51,726,048
Minority interests		383,292	397,839	-	-
Total equity		80,364,429	78,415,346	50,406,583	51,726,048

Balance sheets as at 30 September 2010 (cont'd)

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Non-current liabilities					
Long term borrowings	23	4,597,600	5,480,808	-	-
Deferred tax liabilities	26	1,792,252	1,614,597	500,000	500,000
		6,389,852	7,095,405	500,000	500,000
Current liabilities					
Short term borrowings	23	1,510,748	1,780,094	-	-
Trade and other payables	25	9,436,048	10,917,046	179,650	206,472
Tax payable		179,178	70,799	-	-
		11,125,974	12,767,939	179,650	206,472
Total liabilities		17,515,826	19,863,344	679,650	706,472
TOTAL EQUITY AND LIABILITIES		97,880,255	98,278,690	51,086,233	52,432,520

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

Consolidated statement of changes in equity
For the year ended 30 September 2010

		Attributable to equity holders of the Company							
		Non-distributable			Distributable				
	Note	Share capital RM	Share premium RM	Treasury shares RM	Foreign exchange reserve RM	Retained earnings RM	Total RM	Minority interests RM	Total equity RM
At 1 October 2008		40,000,000	3,162,051	-	64,612	31,054,151	74,280,814	742,453	75,023,267
Foreign exchange translation		-	-	-	(195,493)	-	(195,493)	-	(195,493)
Acquisition of new subsidiary		-	-	-	-	-	-	30,000	30,000
Profit for the year		-	-	-	-	5,582,181	5,582,181	(374,614)	5,207,567
Dividends	11	-	-	-	-	(1,649,995)	(1,649,995)	-	(1,649,995)
At 30 September 2009		40,000,000	3,162,051	-	(130,881)	34,986,337	78,017,507	397,839	78,415,346
At 1 October 2009		40,000,000	3,162,051	-	(130,881)	34,986,337	78,017,507	397,839	78,415,346
Foreign exchange translation		-	-	-	29,475	-	29,475	-	29,475
Bonus share issue		10,000,000	(3,162,051)	-	-	(6,837,949)	-	-	-
Shares buy-back		-	-	(592,418)	-	-	(592,418)	-	(592,418)
Profit for the year		-	-	-	-	3,951,570	3,951,570	(14,547)	3,937,023
Dividends	11	-	-	-	-	(1,424,997)	(1,424,997)	-	(1,424,997)
At 30 September 2010		50,000,000	-	(592,418)	(101,406)	30,674,961	79,981,137	383,292	80,364,429

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

Company statement of changes in equity
For the year ended 30 September 2010

	Note	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total RM	Minority interests RM	Total equity RM
		Attributable to equity holders of the Company						
		Non-distributable			Distributable			
At 1 October 2008		40,000,000	3,162,051	-	8,852,042	52,014,093	-	52,014,093
Profit for the year		-	-	-	1,361,950	1,361,950	-	1,361,950
Dividends	11	-	-	-	(1,649,995)	(1,649,995)	-	(1,649,995)
At 30 September 2009		40,000,000	3,162,051	-	8,563,997	51,726,048	-	51,726,048
Profit for the year		-	-	-	697,950	697,950	-	697,950
Bonus share issue		10,000,000	(3,162,051)	-	(6,837,949)	-	-	-
Shares buy-back		-	-	(592,418)	-	(592,418)	-	(592,418)
Dividends	11	-	-	-	(1,424,997)	(1,424,997)	-	(1,424,997)
At 30 September 2010		50,000,000	-	(592,418)	999,001	50,406,583	-	50,406,583

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

Cash flow statements
For the year ended 30 September 2010

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Cash flows from operating activities				
Profit before tax	6,285,607	7,797,131	1,604,359	1,772,950
Adjustments for :				
Amortisation of prepaid lease payment	100,470	100,471	-	-
Amortisation of development expenditure	30,877	64,762	-	-
Bad debts written off	1,205	5,080	-	-
Dividend income (gross)	-	-	(2,000,000)	(2,000,000)
Depreciation	2,624,053	2,945,946	-	-
Property, plant and equipment written off	29,433	119,356	-	-
Gain on disposal of property,			-	
plant and equipment	(122,872)	(196,159)	-	-
Gain on disposal of subsidiary	(328,091)	-	-	-
Gain on disposal of investment properties	-	(1,350,029)	-	-
Impairment of intangible assets	334,038	46,720	-	-
Interest income	(441,364)	(318,415)	(133,366)	(73,866)
Interest expenses	403,786	502,414	-	-
Unrealised foreign exchange loss	260,394	293,839	-	-
Provision for doubtful debts	803,809	1,400,978	-	-
Provision for doubtful debts recovered	(189,096)	(473,297)	-	-
Write back of provision for doubtful debts	(324,567)	(163,163)	-	-
Share of results of associates	60,879	158,314	-	-
Operating profit/(loss) before working capital changes	9,528,561	10,933,948	(529,007)	(300,916)
Inventories	(5,721,917)	2,985,792	-	-
Receivables	(4,245,827)	8,240,753	(2,118,525)	5,982,662
Payables	2,295,087	(7,715,157)	(26,822)	97,570
Cash generated from/(used in) operations	1,855,904	14,445,336	(2,674,354)	5,779,316
Dividend income (net)	-	-	1,500,000	1,500,000
Interest paid	(403,786)	(502,414)	-	-
Tax refunded	49,262	2,776,981	-	19,924
Taxes paid	(2,359,921)	(3,032,623)	-	-
Net cash (used in)/generated from operating activities	(858,541)	13,687,280	(1,174,354)	7,299,240

Cash flow statements (cont'd)
For the year ended 30 September 2010

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash flows from investing activities				
Acquisition of additional shares in subsidiaries	-	-	-	(5,484)
Acquisition of subsidiary	-	(75,484)	-	-
Development cost	-	(142,599)	-	-
Purchase of property, plant and equipment	(1,197,537)	(1,223,681)	-	-
Interest received	441,364	318,415	133,366	73,866
Proceeds from disposal of plant and equipment	554,017	298,269	-	-
Proceeds from disposal of subsidiary	181,632	-	-	-
Proceeds from disposal of investment properties	-	1,447,320	-	-
Net cash (used in)/generated from investing activities	(20,524)	622,240	133,366	68,382
Cash flows from financing activities				
Dividends paid	(1,424,997)	(1,649,995)	(1,424,997)	(1,649,995)
Proceeds from issuance of ordinary shares	-	5,486	-	-
Increase in paid up capital of subsidiary	-	99,998	-	-
Purchase of treasury shares	(592,418)	-	(592,418)	-
Proceeds from hire purchase financing	719,000	841,000	-	-
Repayment of term loans	(1,008,399)	(994,860)	-	-
Repayment of hire purchase and lease payables	(1,582,155)	(1,891,517)	-	-
Net cash used in financing activities	(3,888,969)	(3,589,888)	(2,017,415)	(1,649,995)
Net (decrease)/increase in cash and cash equivalents	(4,768,034)	10,719,632	(3,058,403)	5,717,627
Effects of foreign exchange rate changes	34,388	(35,741)	-	-
Cash and cash equivalents at beginning of year	27,645,448	16,961,557	6,431,176	713,549
Cash and cash equivalents at end of year (Note 21)	22,911,802	27,645,448	3,372,773	6,431,176

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

Notes to the financial statements - 30 September 2010

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor Darul Ta'zim.

The principal activity of the Company is investment holding.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 January 2011.

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 adopted FRS 8 which is mandatory for financial periods beginning on or after 1 July 2009 as described fully in Note 2.3.

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

2.2 Summary of significant accounting policies (cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

(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.

(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.

2.2 Summary of significant accounting policies (cont'd)

(b) Intangible assets (cont'd)

(ii) Development costs

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.

(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 recognises 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.

2.2 Summary of significant accounting policies (cont'd)

(c) Associates (cont'd)

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.

(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%

2.2 Summary of significant accounting policies (cont'd)

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

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.

(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 an 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 no 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 and deferred tax 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.

2.2 Summary of significant accounting policies (cont'd)

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

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.

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

An impairment loss for an asset other than goodwill 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 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

All 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 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.

(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.

2.2 Summary of significant accounting policies (cont'd)

(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.

(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.

2.2 Summary of significant accounting policies (cont'd)

(n) Foreign currencies (cont'd)

(ii) Foreign currency transactions (cont'd)

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, 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 Company's net investment in foreign operation, 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.

(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.

2.2 Summary of significant accounting policies (cont'd)

(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.

2.3 Changes in accounting policy and effects arising from adoption of new FRS

During the financial year, the Group adopted FRS 8: Operating Segments. The adoption of this new FRS has no significant impact to the Group.

2.4 Standards and Interpretations issued but not yet effective

At the date of approval of these financial statements, the following new FRSs, Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company, which are:

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts
FRS 7: Financial Instruments: Disclosures
FRS 101: Presentation of Financial Statements (revised)
FRS 123: Borrowing Costs
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 132: Financial Instruments: Presentation (Paragraphs 95A, 97AA and 97AB)
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to FRSs 'Improvements to FRSs (2009)'
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132: Classification of Rights Issues

2.4 Standards and Interpretations issued but not yet effective (cont'd)

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (revised)
FRS 127: Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2: Share-based Payment
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138: Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

Amendment to FRS 1: First-time Adoption of Financial Reporting Standards - Limited Exemption for Comparative FRS 7: Disclosures for First-time Adopters
Amendments to FRS 7: Financial Instruments Disclosures - Improving Disclosures about Financial Instruments
Additional Exemptions for First-Time Adopters (Amendments to FRS 1)
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)
IC Interpretation 4: Determining whether on Arrangement contains a Lease
IC Interpretation 18: Transfers of Assets from Customers
TR 3: Guidance a Disclosure of Transition to IFRSs
TR i – 4: Shariah Compliant Sale Contracts

Effective for financial periods beginning on or after 1 January 2012

IC Interpretation 15: Agreements for the Construction of Real Estate
FRS 124: Related Party Disclosures

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial periods. Unless otherwise described below, these pronouncements are not expected to have any significant impact on the financial statements of the Group and the Company upon their initial application :

2.4 Standards and Interpretations issued but not yet effective (cont'd)

(i) FRS 101: *Presentation of Financial Statements (revised)*

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

(ii) FRS 139: *Financial Instruments: Recognition and Measurement,* FRS 7: *Financial*

Instruments: Disclosures and Amendments to FRS 139: *Financial Instruments: Recognition and Measurement,* FRS 7: *Financial Instruments: Disclosures*

The new Standard on FRS 139: *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7: *Financial Instruments: Disclosures.*

FRS 7: *Financial Instruments: Disclosures* is a new Standard that requires new disclosures in relation to financial instruments. The Standard is expected to result in increased disclosures, both quantitative and qualitative of the Group's exposure to risks, enhanced disclosure regarding components of the Group's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group is exempted from disclosing the possible impact to the financial statements upon the initial application.

(iii) Amendments to FRSs 'Improvements to FRSs (2009)

FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases which is to be retrospectively applied. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

2.5 Significant accounting estimates and judgements

The following are the judgement made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are also discussed below.

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 amount of unrecognised tax losses, capital allowances and reinvestment allowance of the Group was RM8,765,000 (2009 : RM8,532,000).

3. Revenue

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sales of goods	50,629,907	55,716,169	-	-
Dividend income	-	-	2,000,000	2,000,000
	50,629,907	55,716,169	2,000,000	2,000,000

4. Cost of sales

Cost of sales represents cost of inventories sold.

5. Finance costs

	2010 RM	2009 RM
Group		
Bank overdraft interest	559	3,398
Term loan interest	327,594	394,860
Lease and hire purchase interest	75,633	104,156
	403,786	502,414

6. Profit from operations

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Profit from operations is stated after charging/(crediting) :				
Amortisation of prepaid lease payment	100,470	100,471	-	-
Amortisation of development expenditure	30,877	64,762	-	-
Auditors' remuneration				
- Auditors' of the Company				
- Statutory audits	100,000	100,000	18,000	18,000
- Other services	5,000	10,000	-	-
- Other auditors				
- Statutory audits	64,337	43,931	-	-
Bad debts written off	1,205	5,080	-	-
Depreciation (Note 12)	2,624,053	2,945,946	-	-
Dividend income (gross)	-	-	(2,000,000)	(2,000,000)
Gain on disposal of plant and equipment	(122,872)	(196,159)	-	-
Gain on disposal of subsidiary	(328,091)	-	-	-
Gain on disposal of investment properties	-	(1,350,029)	-	-
Directors' fees				
- Current year	233,319	274,856	107,500	107,500
- (Over)/underprovision in prior year	(49,250)	56,210	-	56,210
Impairment of intangible assets	334,038	46,720	-	-
Loss/(Gain) on foreign exchange				
- Realised	24,412	(154,536)	-	-
- Unrealised	260,394	293,839	-	-
Property, plant and equipment written off	29,433	119,356	-	-
Provision for doubtful debts	803,809	1,400,978	-	-
Provision for doubtful debts recovered	(189,096)	(473,297)	-	-
Rental income	(1,199,254)	(1,217,765)	-	-
Rental				
- Land and building	1,193,207	1,412,867	-	-
- Plant and equipment	33,679	54,855	-	-
Write back of provision for doubtful debts	(324,567)	(163,163)	-	-
Interest income	(441,364)	(318,415)	-	-
Interest expenses	403,786	502,414	-	-
Employee benefits expense (Note 7)	12,039,160	12,027,658	-	-

7. Employee benefits expense

	2010 RM	2009 RM
Group		
Wages and salaries	10,881,355	10,801,817
Defined contribution plan	1,036,896	1,084,645
Social security cost	120,909	141,196
	12,039,160	12,027,658

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM589,737 (2009 : RM558,427) and RMNil (2009 : RMNil) respectively as further disclosed in Note 8.

8. Directors' remuneration

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors of the Company				
Executive :				
Salaries and other emoluments	463,003	450,360	-	-
Fees	125,000	178,000	38,500	38,500
Bonus	63,530	45,104	-	-
Defined contribution plan	63,204	62,963	-	-
	714,737	736,427	38,500	38,500
Non-executive :				
Fees	69,000	69,000	69,000	69,000
	783,737	805,427	107,500	107,500
Directors of the subsidiaries				
Executive :				
Salaries and other emoluments	260,461	282,429	-	-
Fees	39,319	35,646	-	-
Bonus	39,265	34,353	-	-
Defined contribution plan	39,720	39,626	-	-
	378,765	392,054	-	-
Total	1,162,502	1,197,481	107,500	107,500

8. Directors' remuneration (cont'd)

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

	Number of Directors	
	2010	2009
Executive directors :		
Below RM200,000	2	1
RM400,001 - RM450,000	1	1

9. Income tax expense

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current income tax :				
Malaysian income tax	1,757,350	3,049,440	349,000	1,211,000
Under/(Over)provision in prior years	470,575	(692,465)	557,409	(1,300,000)
	2,227,925	2,356,975	906,409	(89,000)
Deferred tax (Note 26) :				
Relating to origination and reversal of temporary differences	185,396	(745,904)	-	(782,000)
Relating to changes in tax rates	-	(20,067)	-	-
(Over)/Underprovision in prior years	(64,737)	998,560	-	1,282,000
	120,659	232,589	-	500,000
	2,348,584	2,589,564	906,409	411,000

9. Income tax expense (cont'd)

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

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

Group	**2010 RM**	**2009 RM**
Profit before tax	6,285,607	7,797,131
Taxation of Malaysian statutory tax rate of 25% (2009 : 25%)	1,571,402	1,949,283
Effect of changes in tax rates on opening balance of deferred tax	-	(20,067)
Effects of expenses not deductible for tax purposes	313,562	634,949
Effects of utilisation of current year's reinvestment allowance	(70,600)	(14,900)
Deferred tax not recognised on business loss	169,957	112,060
Effects of income not subject to tax	(41,575)	(377,856)
(Over)/Underprovision of deferred tax in prior years	(64,737)	998,560
Under/(Over)provision of income tax expense in prior year	470,575	(692,465)
Income tax expense for the year	2,348,584	2,589,564

Company	**2010 RM**	**2009 RM**
Profit before taxation	1,604,359	1,772,950
Taxation of Malaysian statutory tax rate of 25% (2009 : 25%)	401,090	443,238
Effects of expenses not deductible for tax purposes	447,910	4,000
Effects of income not subject to tax	(500,000)	(18,238)
Under/(Over)provision of income tax expense in prior year	557,409	(1,300,000)
Underprovision of deferred tax expense in prior year	-	1,282,000
Income tax expense for the year	906,409	411,000

10. Earnings per share

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, excluding treasury shares held by the Company.

	2010	2009
Profit attributable to ordinary equity holders of the Company	3,951,570	5,582,181
Weighted average number of ordinary shares in issue *	99,897,925	99,897,925
Basic earnings per share (sen)	4.0	5.6

* For financial year ended 30 September 2009, restated based on the effect of the bonus share issue which increased the number of ordinary shares in issue from 80,000,000 shares to 100,000,000 shares.

11. Dividends

	Dividends in respect of year			Dividends recognised in year	
	2010 RM	2009 RM	2008 RM	2010 RM	2009 RM
Recognised during the year:					
Final dividend for 2008: 5.5% less 25% taxation, on 80,000,000 ordinary shares (2.06 sen per ordinary shares)	-	-	1,649,995	-	1,649,995
Final dividend for 2009: 4.75% less 25% taxation, on 80,000,000 ordinary shares (1.78 sen per ordinary shares)	-	1,424,997	-	1,424,997	-
Proposed for approval at AGM (not recognised as at 30 September):					
Final dividend for 2010: 4.0% less 25% taxation, on 100,000,000 ordinary shares (1.50 sen per ordinary shares)	1,500,000	-	-	-	-
	1,500,000	1,424,997	1,649,995	1,424,997	1,649,995

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 September 2010, of 4.0 less 25% taxation on 100,000,000 ordinary shares amounting to a dividend payable of RM1,500,000 (1.5 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2011.

12. Property, plant and equipment

Group	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	*Others RM	Total RM
At 30 September 2010							
Cost							
At 1 October 2009	1,409,089	16,602,148	2,804,177	14,622,520	3,380,786	12,394,354	51,213,074
Additions	-	194,520	44,480	1,115,320	305,838	256,379	1,916,537
Disposals	-	(197,307)	(80,443)	(724,500)	(213,354)	(50,719)	(1,266,323)
Written off	-	-	(23,910)	(2,200)	-	(19,501)	(45,611)
Disposal of subsidiary	-	-	(113,830)	-	-	(151,628)	(265,458)
Exchange differences	-	-	-	-	-	(19,377)	(19,377)
At 30 September 2010	1,409,089	16,599,361	2,630,474	15,011,140	3,473,270	12,409,508	51,532,842
Accumulated depreciation and impairment losses							
At 1 October 2009	-	2,783,325	2,303,635	10,430,909	1,951,964	10,050,053	27,519,886
Charge for the year (Note 6)	-	318,198	144,500	1,056,995	401,657	702,703	2,624,053
Disposals	-	(26,586)	(9,385)	(566,031)	(213,353)	(19,823)	(835,178)
Written off	-	-	(5,579)	(2,200)	-	(8,399)	(16,178)
Disposal of subsidiary	-	-	(36,045)	-	-	(74,601)	(110,646)
Exchange differences	-	-	-	-	370	(14,835)	(14,465)
At 30 September 2010	-	3,074,937	2,397,126	10,919,673	2,140,638	10,635,098	29,167,472
Net carrying amount							
At 30 September 2010	1,409,089	13,524,424	233,348	4,091,467	1,332,632	1,774,410	22,365,370

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

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

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

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

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

	Group 2010 RM	Group 2009 RM
Motor vehicles	1,053,265	1,416,454
Plant and machinery	1,454,397	2,265,917
	2,507,662	3,682,371

(b) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM1,916,537 (2009 : RM2,064,681) of which RM719,000 (2009 : RM841,000) were acquired by means of hire purchase or finance lease arrangements.

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

	Group 2010 RM	Group 2009 RM
Freehold land	310,860	310,860
Buildings	11,905,291	12,163,759
	12,216,151	12,474,619

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

	Group 2010 RM	Group 2009 RM
Plant and machinery	5,089,279	4,262,270
Motor vehicles	1,399,059	1,406,958
Renovation	2,015,499	1,732,706
Other assets	8,113,354	7,104,049
	16,617,191	14,505,983

13. Investment properties

	Group	
	2010	2009
	RM	RM
Freehold land		
Cost	1,952,980	2,050,271
Less: Disposal	-	(97,291)
Net carrying amount	1,952,980	1,952,980
Fair value of investment properties	2,010,000	2,000,000

14. Prepaid land lease payments

	Group	
	2010	2009
	RM	RM
At 1 October	9,865,932	9,865,932
Less: Accumulated amortisation	(1,116,673)	(1,016,203)
At 30 September	8,749,259	8,849,729

Leasehold land with net carrying amount of RM8,375,323 (2009 : RM8,471,373) are pledged for borrowings as referred to in Note 23.

15. Investment in subsidiaries

	Company	
	2010	2009
	RM	RM
Unquoted shares, at cost	33,607,805	33,602,321
Addition	-	5,484
At 30 September	33,607,805	33,607,805

15. Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows :

Name of subsidiaries	Country of incorporation	Principal activity	Equity interest held (%) 2010	2009
Penerbitan Pelangi Sdn. Bhd.	Malaysia	Publishing and distribution of books and other educational materials and sale of publishing rights.	100	100
Tunas Pelangi Sdn. Bhd.	Malaysia	Publishing and distribution of books and other educational materials and sale of publishing rights.	100	100
Pelangi Publishing Holding Sdn. Bhd.*	Malaysia	Investment holding.	100	100
Pelangi Publishing International Sdn. Bhd.	Malaysia	Investment holding.	100	100
Sutera Ceria Sdn. Bhd.	Malaysia	Property letting and property management.	100	100
Pelangi Education Sdn. Bhd.	Malaysia	Educational services.	100	100
Cai Hong (Hong Kong) Investment Private Limited *	Hong Kong	Dormant.	100	100
Dickens Publishing Ltd *	England	Dormant.	100	100
Held through Penerbitan Pelangi Sdn. Bhd. :				
Comtech Marketing Sdn. Bhd.	Malaysia	Provision of typesetting and printing services.	100	100
Pelangi Formpress Sdn. Bhd.	Malaysia	Printing of computer forms and other types of printing services.	100	100
Pelangi Comics Sdn Bhd	Malaysia	Publishing, designing and distribution of educational comics books.	70	70

15. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation	Principal activity	Equity interest held (%) 2010	Equity interest held (%) 2009
Held through Penerbitan Pelangi Sdn. Bhd. (cont'd) :				
Pelangi Novel Sdn Bhd	Malaysia	Publishing and distribution of novel books.	100	100
Elite Corridor Sdn. Bhd.	Malaysia	Investment holding, property letting and property management.	100	100
Held through Pelangi Publishing Holding Sdn. Bhd. :				
The Commercial Press Sdn. Berhad *	Malaysia	Provision of printing services.	90	90
Pelangi Multimedia Technologies Sdn. Bhd. *	Malaysia	Multimedia and graphic designing and the production of educational CD-ROMS and related IT products.	62	62
Held through Pelangi Multimedia Technologies Sdn. Bhd. :				
Pelangi Kids Sdn. Bhd *	Malaysia	Educational services	100	100
Pelangi Multimedia Education (Puchong) Sdn. Bhd. *	Malaysia	Educational services	-	55
Held through Pelangi Publishing International Sdn. Bhd. :				
P.T. Penerbitan Pelangi Indonesia *	Indonesia	Production and distribution of books, education materials, multimedia and web related products.	95	95

15. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation	Principal activity	Equity interest held (%) 2010	2009
Held through Pelangi Publishing International Sdn. Bhd. (cont'd) :				
Pelangi Publishing (Thailand) Co., Ltd. *@	Thailand	Production and distribution of books, education materials, multimedia and web related products and serve as agencies and licensing to publish, print and distribute books and educational materials.	80	80

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

Disposal of subsidiary

On 31 December 2009, Pelangi Multimedia Technologies Sdn Bhd, disposed all its shareholdings in Pelangi Multimedia Education (Puchong) Sdn Bhd for a total consideration of RM200,000, comprising of cash and deferred cash settlement. The subsidiary was previously reported as part of the education segment.

The disposal had the following effects on the financial position of the Group as at the end of the year :

	2010 RM
Property, plant and equipment	154,812
Trade and other receivables	29,257
Bank balance and cash	18,368
Income tax recoverable	1,806
Trade and other payables	(308,625)
Due to directors	(23,709)
Net liabilities disposed of	(128,091)
Gain on disposal	328,091
Sale consideration	200,000
Cash and cash equivalents of subsidiary disposed	(18,368)
Cash inflow on disposal of subsidiary	181,632

16. Investment in associates

	Group		Company	
	2010	2009	2010	2009
Group	RM	RM	RM	RM
Unquoted shares, at cost				
In Malaysia	30,000	30,000	-	-
Outside Malaysia	369,907	369,907	369,907	369,907
	399,907	399,907	369,907	369,907
Less : Provision for impairment loss	(29,999)	(29,999)	-	-
	369,908	369,908	369,907	369,907
Share of post-acquisition reserve	(202,191)	(141,312)	-	-
	167,717	228,596	369,907	369,907

Details of associated companies are as follows :

Name of associates	Country of incorporation	Principal activities	Equity interest held (%) 2010	2009
Held by the Company				
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

16. Investment in associates (cont'd)

The summarised financial information of the associates are as follows:

	2010 RM	2009 RM
Assets and liabilities		
Current assets	1,497,658	2,006,437
Non-current assets	257,142	331,896
Total assets	1,754,800	2,338,333
Current liabilities	1,392,415	1,771,508
Non-current liabilities	-	-
Total liabilities	1,392,415	1,771,508
Results		
Revenue	451,184	687,025
Loss for the year	(152,198)	(395,786)

17. Other investments

	Group	
	2010 RM	2009 RM
Other investments in Malaysia, at cost :		
Club membership	26,200	26,200
Investment in quoted equity shares	290	290
	26,490	26,490
Market value of quoted equity shares	355	373

18. Intangible assets

	Goodwill RM	Development cost RM	Total RM
Group			
Cost			
At 1 October 2009/30 September 2010	1,266,752	559,847	1,826,599
Accumulated amortisation and impairment			
At 1 October 2009	1,266,752	194,932	1,461,684
Amortisation (Note 6)	-	30,877	30,877
Impairment loss (Note 6)	-	334,038	334,038
At 30 September 2010	1,266,752	559,847	1,826,599
Net carrying amount			
30 September 2010	-	-	-
Cost			
At 1 October 2008	1,266,752	417,248	1,684,000
Additions- internal development	-	142,599	142,599
At 30 September 2009	1,266,752	559,847	1,826,599
Accumulated amortisation and impairment			
At 1 October 2008	1,266,752	83,450	1,350,202
Amortisation (Note 6)	-	64,762	64,762
Impairment loss (Note 6)	-	46,720	46,720
At 30 September 2009	1,266,752	194,932	1,461,684
Net carrying amount			
30 September 2009	-	364,915	364,915

19. Inventories

	Group 2010 RM	Group 2009 RM
Cost		
Raw materials	5,307,901	4,174,102
Work in progress	22,519	53,918
Finished goods	19,329,787	14,710,270
	24,660,207	18,938,290

20. Trade and other receivables

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Current				
Trade receivables				
Third parties	12,717,482	13,419,937	-	-
Provision for doubtful debts	(1,461,659)	(1,639,619)	-	-
	11,255,823	11,780,318	-	-
Other receivables				
Due from subsidiaries	-	-	13,522,628	11,404,103
Due from associates	6,900	5,700	-	-
Deposits	483,935	608,329	1,000	1,000
Prepayments	627,852	490,107	-	-
Sundry receivables	985,101	127,905	4,000	4,000
	2,103,788	1,232,041	13,527,628	11,409,103
Provision for doubtful debts	(126,179)	-	-	-
	1,977,609	1,232,041	13,527,628	11,409,103
	13,233,432	13,012,359	13,527,628	11,409,103

The normal trade credit term of the Group ranges from 30 to 90 days. Other credit terms 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 repayable on demand.

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

Other information on financial risk of receivables are disclosed in Note 34.

21. Cash and cash equivalents

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash on hand and at banks	9,950,563	16,016,092	1,298,028	360,558
Fixed deposits with licensed banks	12,961,239	11,629,356	2,074,745	6,070,618
Cash and cash equivalents	22,911,802	27,645,448	3,372,773	6,431,176

Included in cash at banks are amounts of RM1,186,981 (2009 : RM7,773,333) held under the Investment Cash Management Trust for the short-term investment of the Company's surplus funds. There are no restriction on these Company's funds.

Fixed deposits with licensed banks of the Group amounting to RM200,000 (2009 : RM200,000) are pledged to licensed banks for credit facilities granted to a subsidiary.

The interest rates of fixed deposits with licensed banks at the balance sheet date of the Group were between 1.5% to 2.9% (2009 : 1.5% 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 1 to 30 days (2009 : 1 to 30 days).

22. Non-current asset held for sale

	Group	
	2010 RM	2009 RM
Leasehold buildings		
Cost	-	197,306
Less: Accumulated depreciation	-	(22,517)
Net carrying amount	-	174,789
Less: reclassified to property, plant and equipment	-	(174,789)
	-	-

In 2009, a wholly owned subsidiary, Penerbitan Pelangi Sdn Bhd had reversed its plan to sell the leasehold building due to the low market price of the building and the management has instead decided to use it as a hostel for their employees.

23. Borrowings

	Group 2010 RM	Group 2009 RM
Short term borrowings		
Secured :		
Term loans	923,553	978,662
Hire purchase and finance lease payables (Note 24)	587,195	801,432
	1,510,748	1,780,094
Long term borrowings		
Secured :		
Term loans	3,924,551	4,877,841
Hire purchase and finance lease payables (Note 24)	673,049	602,967
	4,597,600	5,480,808
Total borrowings		
Term loans	4,848,104	5,856,503
Hire purchase and finance lease payables	1,260,244	1,404,399
	6,108,348	7,260,902
Maturity of borrowings		
(excluding hire purchase and finance leases)		
Within 1 year	923,553	978,662
More than 1 year and less than 2 years	962,546	929,750
More than 2 years and less than 5 years	2,413,067	2,852,413
5 years or more	548,938	1,095,678
	4,848,104	5,856,503

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

	2010	2009
Term loans	4% to 11.49%	4% to 8%

The term loans are secured by the following:

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

(b) Pledge of fixed deposit amounting to RM200,000 (2009: RM200,000) belonging to a subsidiary, Penerbitan Pelangi Sdn. Bhd. as disclosed in Note 21; and

(c) Corporate guarantees by the Company.

24. Hire purchase and finance lease payables

	Group 2010 RM	Group 2009 RM
Minimum lease payments :		
Not later than 1 year	646,655	863,329
Later than 1 year and not later than 2 years	415,620	394,139
Later than 2 years and not later than 5 years	296,220	245,180
	1,358,495	1,502,648
Less : Future finance charges	(98,251)	(98,249)
	1,260,244	1,404,399
Present value of finance lease liabilities:		
Not later than 1 year	587,195	801,432
Later than 1 year and not later than 2 years	386,788	369,234
Later than 2 years and not later than 5 years	286,261	233,733
	1,260,244	1,404,399
Analysed as :		
Due within 12 months (Note 23)	587,195	801,432
Due after 12 months (Note 23)	673,049	602,967
	1,260,244	1,404,399

The interest rates of hire purchase and lease payables of the Group at the balance sheet date were between 2.50% to 6.54% (2009 : 2.50% to 6.30%) per annum.

25. Trade and other payables

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Current				
Trade payables				
Third parties	2,106,206	1,720,577	-	-
Other payables				
Due to directors	306,050	326,147	-	-
Due to subsidiary	-	-	1,274	1,418
Accruals	1,636,639	1,656,277	146,540	154,984
Royalty payable	1,645,680	2,661,638	-	-
Provision for returns	2,256,000	1,887,000	-	-
Sundry payables	1,485,473	2,665,407	31,836	50,070
	9,436,048	10,917,046	179,650	206,472

25. Trade and other payables (cont'd)

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

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

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

26. Deferred tax (asset)/liabilities

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1 October	(680,636)	(913,225)	500,000	-
Recognised in income statement (Note 9)	120,659	232,589	-	500,000
At 30 September	(559,977)	(680,636)	500,000	500,000

Presented after appropriate offsetting as follows :

Deferred tax assets	(2,352,229)	(2,295,233)	-	-
Deferred tax liabilities	1,792,252	1,614,597	500,000	500,000
	(559,977)	(680,636)	500,000	500,000

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

Deferred tax liabilities/(assets) of the Group :

	Accelerated capital allowances RM	Trade receivables RM	Other payables RM	Unabsorbed capital allowances and losses RM	Total RM
At 1 October 2009	1,614,597	(268,600)	(1,408,100)	(618,533)	(680,636)
Recognised in income statement	175,655	(86,800)	115,100	(83,296)	120,659
At 30 September 2010	1,790,252	(355,400)	(1,293,000)	(701,829)	(559,977)

26. Deferred tax (asset)/liabilities (cont'd)

Deferred tax liabilities/(assets) of the Group :

	Accelerated capital allowances RM	Trade receivables RM	Other payables RM	Unabsorbed capital allowances and losses RM	Total RM
At 1 October 2008	1,332,445	(364,700)	(1,500,500)	(380,470)	(913,225)
Recognised in income statement	282,152	96,100	92,400	(238,063)	232,589
At 30 September 2009	1,614,597	(268,600)	(1,408,100)	(618,533)	(680,636)

Deferred tax liabilities of the Company:

	Dividend receivable RM'000
At 1 October 2009/30 September 2010	500,000

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

	Group 2010 RM	2009 RM
Unutilised tax losses	1,415,000	1,525,000
Unabsorbed reinvestment allowances	4,958,000	4,938,000
Unabsorbed capital allowances	2,392,000	2,069,000

27. Share capital, share premium and treasury shares

	Number of ordinary shares of RM0.50 each 2010	Number of ordinary shares of RM0.50 each 2009	Amount 2010 RM	Amount 2009 RM
Authorised				
At beginning/end of the year	200,000,000	200,000,000	100,000,000	100,000,000

	Number of ordinary shares of RM0.50 each		Amount			
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 October 2008/ 30 September 2009	80,000,000	-	40,000,000	3,162,051	43,162,051	-
At 1 October 2009	80,000,000	-	40,000,000	3,162,051	43,162,051	-
Bonus share issue	20,000,000	-	10,000,000	(3,162,051)	6,837,949	-
Purchase of treasury shares	-	(1,467,400)	-	-	-	(592,418)
At 30 September 2010	100,000,000	(1,467,400)	50,000,000	-	50,000,000	(592,418)

27. Share capital, share premium and treasury shares (cont'd)

a) Share capital

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM40,000,000 to RM50,000,000 by way of the issuance of bonus shares of 20,000,000 ordinary shares of RM0.50 each.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

b) Treasury shares

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

At the extraordinary general meeting of the Company held on 26 May 2010, the shareholders approved the share buy-back of up to 10% or up to 10,000,000 ordinary shares of the enlarged issued and paid-up share capital of the Company. The authority from the shareholders will need to be renewed at the conclusion of the forthcoming annual general meeting of the Company.

The Company acquired 1,467,400 (2009 : nil) shares in the Company through purchases on Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM592,418 (2009 : nil) and this was presented as a component within shareholders' equity.

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

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

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 September 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 September 2010, 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 :

	2010 RM	2009 RM
Not later than 1 year	1,207,272	303,400
Later than 1 year and not later than 5 years	1,367,672	1,200
	2,574,944	304,600

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

31. Capital commitments

	Group	
	2010	**2009**
	RM	**RM**
Capital expenditure :		
Approved and contracted for	139,500	-
Rental expenditure :		
Not later than 1 year	1,044,006	985,522
Later than 1 year but not later than 5 years	977,422	49,550
	2,021,428	1,035,072

32. Contingent liabilities

	Company	
	2010	**2009**
	RM	**RM**
Unsecured :		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	5,801,404	7,260,905

33. Significant related party transactions

	2010	**2009**
	RM	**RM**
Group		
Purchases from associate :		
- Pelangi Smart Kids Culture Media Pte Ltd, Hebei	22,063	20,757
Rental expenses to directors :		
- Sum Kown Cheek	57,600	57,600
- Loh Hing Chuen	18,000	18,000
Gross dividends from subsidiaries	2,000,000	2,000,000

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

34. 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 2010. 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 2010, the net unhedged financial assets of the Group that are not denominated in their functional currencies are as follows :

	Net financial assets held in non-functional currency		
Functional Currency of Group Companies	**United States Dollar RM**	**Singapore Dollar RM**	**Total RM**
At 30 September 2010			
Ringgit Malaysia	-	33,927	33,927
Indonesia Rupiah	1,173,079	-	1,173,079
Thai Baht	584,671	-	584,671
	1,757,750	33,927	1,791,677
At 30 September 2009			
Ringgit Malaysia	30,412	36,051	66,463
Indonesia Rupiah	1,141,074	-	1,141,074
Thai Baht	580,556	-	580,556
	1,752,042	36,051	1,788,093

34. 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 rates available for borrowing with the same maturity profile.

35. Segment information

(a) Business segments

The Group is organised into three major business segments:

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

Other business segments include rental and other investment income.

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

	Publishing and production RM	Printing RM	Education RM	Others RM	Eliminations RM	Total RM
At 30 September 2010						
Revenue						
External sales	39,703,350	10,104,920	491,237	330,400	-	50,629,907
Inter-segment sales	3,456,967	2,521,864	672,112	2,705,672	(9,356,615)	-
	43,160,317	12,626,784	1,163,349	3,036,072	(9,356,615)	50,629,907

35. Segment information (cont'd)

	Publishing and production RM	Printing RM	Education RM	Others RM	Eliminations RM	Consolidation RM
Results						
Segment results	6,599,215	407,906	(435,773)	178,924	-	6,750,272
Finance costs						(403,786)
Share of results of associates						(60,879)
Taxation						(2,348,584)
Net profit for the year						3,937,023
Assets						
Segment assets	58,448,744	13,387,810	1,438,328	24,437,656	-	97,712,538
Investment in associates	-	-	-	167,717	-	167,717
						97,880,255
Liabilities						
Segment liabilities	7,703,486	3,463,100	220,718	6,128,522	-	17,515,826
Other information						
Capital expenditure	595,277	1,304,354	16,906	-	-	1,916,537
Depreciation	1,133,126	1,151,969	102,171	236,787	-	2,624,053

35. Segment information (cont'd)

	Publishing and production RM	Printing RM	Education RM	Others RM	Eliminations RM	Consolidation RM
At 30 September 2009						
Revenue						
External sales	43,778,375	10,430,877	1,146,917	360,000	-	55,716,169
Inter-segment sales	2,538,971	2,097,057	753,838	2,705,672	(8,095,538)	-
	46,317,346	12,527,934	1,900,755	3,065,672	(8,095,538)	55,716,169
Results						
Segment results	8,842,596	339,452	(1,122,134)	397,945	-	8,457,859
Finance costs						(502,414)
Share of results of associates						(158,314)
Taxation						(2,589,564)
Net profit for the year						5,207,567
Assets						
Segment assets	55,150,057	12,824,794	1,982,086	28,093,157	-	98,050,094
Investment in associates	-	-	-	228,596	-	228,596
						98,278,690
Liabilities						
Segment liabilities	9,210,538	3,045,939	690,804	6,916,063	-	19,863,344
Other information						
Capital expenditure	1,210,221	611,000	243,460	-	-	2,064,681
Depreciation	1,379,737	1,150,652	178,769	236,788	-	2,945,946

(b) Geographical segments

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

36. Supplementary information

The following supplementary information and the related guidance issued by the Malaysian Institute of Accountants dated 20 December 2010 is prepared and presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 for disclosure of the breakdown of the retained earnings into realised and unrealised profits or losses:

	Group 2010 RM	Company 2010 RM
Total retained earnings of the Company and its subsidiaries:		
Realised	56,361,561	999,001
Unrealised	(385,430)	-
	55,976,131	999,001
Associated companies		
Realised	(202,191)	-
	55,773,940	999,001
Consolidation adjustments	(25,098,979)	-
	30,674,961	999,001

LIST OF PROPERTIES

The details of landed properties owned by the Company as at 30 September, 2010 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 30/9/2010 (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	24	152,164	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	22	150,037	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	18	119,665	1992
	HS (D) 40405 PTD 18416 Mukim of Plentong	Double Storey Terrace House No. 28 Jalan Kuning Muda 5 Taman Pelangi 80400 Johor Bahru	Residential	1,760 sq. ft.	Freehold	9	256,576 @	2001

Registered Owner	Title / Location	Description	Existing use	Land area (sq. ft) / Built-up area (sq. ft)	Tenure From / to	Approximate Age of Building (years)	Net Book Value As at 30/9/2010 (RM)	Date of Acquisition
PPSB […con't]	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	17	100,472	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	12	309,682 ^	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	6	124,783 %	2004
	HS (M) 31435 PT 34544 Lot 45 Mukim Of Kuantan	Double Storey Terrace House No.9, Lorong Seri Setali 10 Taman Sri Galing 25300 Kuantan, Pahang	Residential	1,539 sq. ft.	Freehold	13	95,775	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 30/9/2010 (RM)	Date of Acquisition
PPSB […con't]	Geran 31252 Lot 18369 Mukim of Sg. Pasir, Kedah	Single Storey Medium Cost Terrace House G319, Lorong 29 Taman Sejati Indah 08000 Sg. Petani Kedah	Residential	1,302 sq. ft.	Freehold	11	65,228	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	10	18,210,846	2000
TPSB	HS (D) 40329 PTD 18340 Mukim of Plentong	3 Storey Shophouse 68, 68A & 68B, Jalan Pingai, Taman Pelangi 80400 Johor Bahru	Commercial	1,920 sq. ft.	Freehold	13	836,167 #	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	18	286,538	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	11	86,114	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	14	294,070 &	1996

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 30/9/2010 (RM)	Date of Acquisition
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
TCP	Lot Nos: 31081, 31082 & 31083 Mukim of Petaling	1 1/2 Storey Terrace Factories No: 4, 6 & 8, Jalan SR 4/18 Tama 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	14	1,022,340	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	18	302,005	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	11	898,097	1999

Notes :

@ Original NBV RM291,200.00 less Impairment RM34,624

^ Original NBV RM501,846 less Impairment RM192,164

% Original NBV RM282,309 less Impairment RM157,526

Original NBV RM1,037,734 less Impairment RM201,567

& Original NBV RM450,465 less Impairment RM156,395

STATEMENT OF SHAREHOLDINGS

As at 08 February 2011

Authorised capital	:	RM100,000,000-00 comprising 200,000,000 ordinary Shares of RM0.50 each
Issued and fully paid-up capital	:	RM50,000,000.00 comprising 100,000,000 ordinary shares as RM0.50 each
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
22	Less than 100	851	0.00
25	100 to 1,000	11,781	0.01
1,220	1,001 to 10,000	3,284,246	3.35
282	10,001 to 100,000	8,197,357	8.36
74	100,001 to less than 5% of issued shares	55,190,522	56.32
3	5% and above of issued shares	31,312,143	31.95
1,626		97,996,900*	100.00

***** Excluding a total of 2,003,100 ordinary shares bought back by Pelangi Publishing Group Bhd and retained as treasury shares.

THIRTY LARGEST SHAREHOLDERS

	Name of shareholder	Number of shares	Percentage of shares
1.	Sum Kown Cheek	21,162,143	21.59
2.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt an for British and Malayan Trustees Limited	5,150,000	5.26
3.	United Logistics Sdn Bhd	5,000,000	5.10
4.	Chung Shan Kwang	4,625,000	4.72
5.	Fang Mei Sin	4,545,781	4.64
6.	Goh Kheng Jiu	4,000,000	4.08
7.	Sinar Qiqi Sdn. Bhd.	4,000,000	4.08
8.	Lai Swee Chiung	3,437,465	3.51
9.	Lee Kheng Hon	3,434,965	3.51
10.	Lai Chin Heng	3,122,862	3.19
11.	Sam Yuen @ Sam Chin Yan	2,546,612	2.60
12.	Permodalan Nasional Berhad	1,515,000	1.55

	Name of shareholder	Number of shares	Percentage of shares
13.	Lim Kah Eng	1,177,875	1.20
14.	Ang Hwi Lin	1,104,237	1.13
15.	HSBC Nominees (Asing) Sdn Bhd Exempt an for BNP Paribas Securities Services	949,950	0.97
16.	Chin Khuan Meng	865,625	0.88
17.	AmanahRaya Trustee Berhad Kumpulan Modal Bumiputra Pahang	736,250	0.75
18.	Cheah Swee Kit	703,750	0.72
19.	Goh Pek Hen	682,500	0.70
20.	Teh Hui Guan	646,500	0.66
21.	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Yeo Seng Chong	625,000	0.64
22.	Tan Kim Chai	612,500	0.63
23.	Lim Kah Eng	611,200	0.62
24.	Koh Chee Wah	580,125	0.59
25.	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Tan Gaik Suan	564,875	0.58
26.	Koh Wei Yeng	525,000	0.54
27.	Yee Tan Fatt	500,875	0.51
28.	Chung Shan Yong	500,000	0.51
29.	Chung Shan Meng	500,000	0.51
30.	Lee Wei Ling	500,000	0.51

SUBSTANTIAL SHAREHOLDERS

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

Shareholders	No. of Shares			
	Direct	%	Deemed	%
Sum Kown Cheek	21,162,143	21.59	3,437,465[(a)]	3.51
Lai Swee Chiung	3,437,465	3.51	21,162,143[(a)]	21.59
United Logistics Sdn . Bhd.	5,000,000	5.10	–	–
Sam Yuen @ Sam Chin Yan	2,546,612	2.60	5,682,500[(b)]	5.80
Yeoman Capital Management Pte Ltd	224,750	0.23	6,471,150[(c)]	6.60
Yeo Seng Chong	625,000	0.64	6,695,900[(d)]	6.83
Lim Mee Hwa	–	–	6,695,900[(d)]	6.83

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

DIRECTORS' SHAREHOLDINGS

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

Directors	No. of Shares			
	Direct Interest	%	Deemed Interest	%
Sum Kown Cheek	21,162,143	21.59	3,437,465 [(a)]	3.51
Chung Shan Kwang	4,625,000	4.71	–	–
Sam Yuen @ Sam Chin Yan	2,546,612	2.60	5,682,500 [(b)]	5.80
Lee Kheng Hon	3,343,965	3.50	–	–
Syahriza Binti Senan	13,750	0.01	–	–
Vincent Wong Soon Choy	–	–	–	–
Winston Paul Wong Chi-Huang	–	–	–	–

(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.

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 Ninth Annual General Meeting of the Company to be held at **Palm Resort Berhad, Melati Hall, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor** on **Friday, 25 March, 2011** at **11.00 a.m** and at any adjournment thereof.
My/Our proxy is to vote as indicated below:-

Agenda	Resolution	For	Against
To receive the Audited Financial Statements for the year ended 30 September 2010 together with the Reports of the Directors and Auditors.	1		
To approve the payment of final dividend.	2		
To approve the payment of Directors' Fees for the financial year ended 30 September 2010.	3		
To re-elect the following Directors retiring in accordance with the Company's Articles of Association:- a) Mr Lee Kheng Hon – Article 123	4		
b) Mr Sam Yuen @ Sam Chin Yan – Article 123	5		
c) Mr Vincent Wong Soon Choy – Article 128	6		
To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.	7		
To authorise the allotment of shares pursuant to Section 132D.	8		
To approve the proposed renewal of shareholders' mandate for recurrent related party transactions.	9		
To approve the proposed amendments to the Company's Articles of Association.	10		

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 ______________________________ 2011.

NO. OF SHARES HELD	CDS ACCOUNT

……………………..…………….
Signature of Member(s)

Note:

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

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

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

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

e. The instrument appointing the proxy must be deposited at the Company's Registered Office situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight (48) 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.