Publishing for the Future

Educating the World

Learning is Fun

Achieve your Dreams

Nurturing Character & Values

Grow with Digital Era

Innovative & Creative Ideas

Pelangi Publishing Group Bhd.

Head Office:
66, Jalan Pingai, Taman Pelangi, 80400 Johor Bahru, Johor Darul Takzim, Malaysia.
Tel: (607)-331 6288 Fax: (607)-332 9201 E-mail: pelangi@pelangibooks.com

Sales Office:
Lot 8, Jalan P10/10, Kawasan Perusahaan Bangi, Bandar Baru Bangi, 43650 Bangi,
Selangor Darul Ehsan, Malaysia.
Tel: (603)-8922 3993 Fax: (603)-8926 1223/8920 2366 Enquiry: customerservice@pelangibooks.com

www.PelangiBooks.com

Pelangi Publishing Group Bhd. 2015 Annual Report

Pelangi Publishing Group Bhd.

(Incorporated in Malaysia)

2015 Annual Report

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of **PELANGI PUBLISHING GROUP BHD.** will be held at Palm Resort Berhad, Melati Hall, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor on Friday, 18 March 2016 at 10.00 a.m. to transact the following businesses:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 September 2015 together with the Directors' and Auditors' Reports thereon. — PLEASE REFER TO NOTE 1

2. To approve the payment of a final single tier dividend of 1.25 sen per ordinary share of RM0.50 each for the financial year ended 30 September 2015. — RESOLUTION 1

3. To approve the payment of Directors' fees for the financial year ended 30 September 2015. — RESOLUTION 2

4. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:

   a) Datuk Sam Yuen @ Sam Chin Yan - Article 123 — RESOLUTION 3
   b) Datuk Sum Kown Cheek – Article 123 — RESOLUTION 4

5. To consider, and if thought fit, to pass the following resolution: — RESOLUTION 5
   "**THAT** pursuant to Section 129(6) of the Companies Act, 1965, Mr Lee Kheng Hon be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting."

6. To appoint Auditors and to authorise the Directors to determine their remuneration. — RESOLUTION 6 PLEASE REFER TO NOTE 2

   Notice of Nomination pursuant of Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A", has been received by the Company for the nomination of Messrs SJ Grant Thornton, who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution:-

   "**THAT** Messrs SJ Grant Thornton, be and are hereby appointed as auditors of the Company in place of the retiring auditors, Messrs Ernst & Young to hold office until the conclusion of the next Annual General Meeting at remuneration to be determined by the Directors."

SPECIAL BUSINESS

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

   ORDINARY RESOLUTION 1
   AUTHORITY TO ALLOT SHARES – SECTION 132D — RESOLUTION 7

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

ORDINARY RESOLUTION 2
CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR RESOLUTION 8

"**THAT** the terms of office of Syahriza binti Senan be remained as Independent Director of the Company in accordance with Malaysian Code On Corporate Governance 2012." REFER TO EXPLANATORY NOTE II

ORDINARY RESOLUTION 3
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed RSM") RESOLUTION 9

"**THAT** approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties mentioned under section 2.1.2 of the Circular to Shareholders dated 24 February 2016 which are necessary in the course of business of the Company and/or its subsidiaries for day-to-day operations and on normal commercial terms which are not more favorable to the related parties than those available to the public and not detrimental to the minority shareholders of the Company and such approval shall continue to be in force until:-

(a) the conclusion of the next AGM of the Company following the forthcoming AGM at which such Proposed Renewal of The Existing Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature was passed, at which time will lapse, unless by ordinary resolution passed at an AGM whereby the authority is renewed, either unconditionally or subject to conditions;
(b) the expiration of the period within the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965, ("Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier.

8. To transact any other business appropriate to an Annual General Meeting, due notice of which shall have been previously given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT
FINAL SINGLE TIER DIVIDEND OF 1.25 SEN PER ORDINARY SHARE OF RM0.50 EACH

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Fourteenth Annual General Meeting, the final single tier dividend of 1.25 sen per ordinary share of RM0.50 each in respect of the financial year ended 30 September 2015 will be payable on 28 April 2016 to Depositors registered in the Record of Depositors at the close of business on 8 April 2016.

A Depositor shall qualify for entitlement only in respect of:

a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 8 April 2016 in respect of transfer; and
b) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

LEONG SIEW FOONG (MAICSA NO. 7007572)
ZARINA BINTI AHMAD (LS NO. 0009964)
HUAN CHUAN SEN @ AH LOY (MACS 01519)
Company Secretaries

Johor Bahru
24 February 2016

NOTES:

1. This Agenda item is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

2. The Notice of Nomination from a Member pursuant to Section 172 (11) of the Companies Act, 1965, a copy of which is annexed hereto, has been received by the Company for the nomination of Messrs SJ Grant Thornton, who have given their consent to act, for appointment as Auditors

   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. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.

   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 exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

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

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

EXPLANATORY NOTES ON SPECIAL BUSINESS:

I. Ordinary Resolution 1

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

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

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

II. Ordinary Resolution 2

Syahriza binti Senan is an Independent Director of the Company who has served the Company for more than nine years.

In line with the Malaysian Code on Corporate Governance 2012, the Board through Nomination Committee has assessed her independence annually as defined in Bursa Securities Listing Requirements which has not been compromised all these while. In fact, she exercises her judgment in an independent and unfettered manner, discharge her duties with reasonable care, skill and diligent; bringing independent thought and experience to board deliberations and decision making process all these while which is valuable to the Company. To that, the Board recommends Syahriza binti Senan to continue her office as an Independent Directors according to the resolution put forth in the forthcoming Annual General Meeting.

III. Ordinary Resolution 3

The Proposed RSM under Ordinary Resolution 3 was intended to renew the shareholders' mandate granted by the shareholders of the Company at an Annual General Meeting of the Company held on 20 March 2015.

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

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

Further information on Proposed RSM is set out in the Circular to Shareholders of the Company which is dispatched together with the Annual Report of the Company for the financial year ended 30 September 2015.

ANNEXURE A

Datuk Sum Kown Cheek
No. 66, Jalan Pingai,
Taman Pelangi,
80400 Johor Bahru, Johor.

Date: 15 January 2016

The Board of Directors
PELANGI PUBLISHING GROUP BHD.
Suite 6.1A, Level 6, Menara Pelangi,
Jalan Kuning, Taman Pelangi,
80400 Johor Bahru,Johor.

Dear Sir/Madam,

NOTICE OF NOMINATION OF AUDITORS PURSUANT TO SECTION 172(11) OF THE COMPANIES ACT, 1965

I, Datuk Sum Kown Cheek as a shareholder of Pelangi Publishing Group Bhd., wish to propose for consideration at its forthcoming Annual General Meeting that Messrs SJ Grant Thornton, be nominated for appointment as auditors of the Company in place of the retiring auditors, Messrs Ernst & Young, at a remuneration to be fixed by the Board of Directors.

Thank you.

Yours faithfully,

……………………………………
DATUK SUM KOWN CHEEK

cc. Messrs SJ Grant Thornton

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

LEE KHENG HON
(Executive Director)

TEH HUI GUAN
(Executive Director)

VINCENT WONG SOON CHOY
(Independent Non-Executive Director)

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

SYAHRIZA BINTI SENAN
(Independent Non-Executive Director)

AUDIT COMMITTEE

VINCENT WONG SOON CHOY
Chairman

SYAHRIZA BINTI SENAN
Member

DATUK SAM YUEN @ SAM CHIN YAN
Member

NOMINATION COMMITTEE

VINCENT WONG SOON CHOY
Chairman

SYAHRIZA BINTI SENAN
Member

REMUNERATION COMMITTEE

VINCENT WONG SOON CHOY
Chairman

SYAHRIZA BINTI SENAN
Member

DATUK SUM KOWN CHEEK
Member

SECRETARIES

LEONG SIEW FOONG
ZARINA BINTI AHMAD
HUAN CHUAN SEN @ AH LOY

AUDITORS

ERNST & YOUNG
Chartered Accountants

REGISTERED OFFICE

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

SHARE REGISTRAR

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

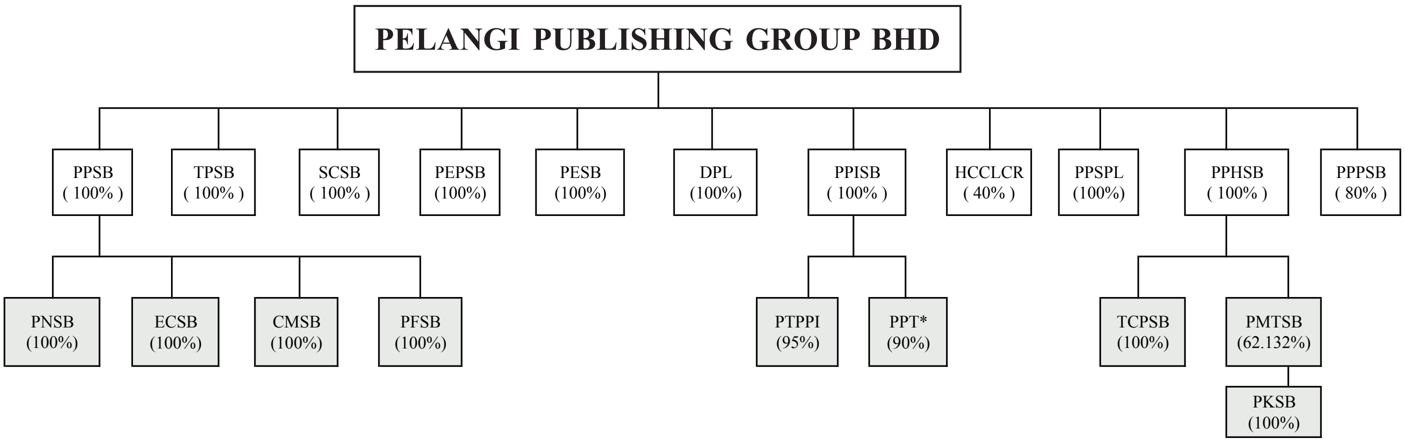
PRINCIPAL BANKERS

PUBLIC BANK BERHAD
MALAYAN BANKING BERHAD

STOCK EXCHANGE

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

CORPORATE STRUCTURE (as at 26 January 2016)



Abbreviations

PPSB – Penerbitan Pelangi Sdn. Bhd. (89120-H)

TPSB – Tunas Pelangi Sdn. Bhd. (105652-A)

SCSB – Sutera Ceria Sdn. Bhd. (499589-M)

PePSB – Pelangi ePublishing Sdn. Bhd. (939787-V)

PESB – Pelangi Education Sdn. Bhd. (458162-U)

DPL – Dickens Publishing Ltd. (7033325)

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

HCCLCR – Hebei Culture Communication Ltd. Chunyu Rainbow (130100400003122)

PPSPL – Pelangi Publishing Singapore Pte. Ltd. (201112597C)

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

PPPSB – Pelangi Professional Publishing Sdn. Bhd. (1120680-A)

PNSB – Pelangi Novel Sdn. Bhd. (379269-A)

ECSB – Elite Corridor Sdn. Bhd. (431111-V)

CMSB – Comtech Marketing Sdn. Bhd. (104669-W)

PFSB – Pelangi Formpress Sdn. Bhd. (172005-U)

PCSB – Pelangi Comics Sdn. Bhd. (838313-U)#

PTPPI – PT. Penerbitan Pelangi Indonesia (02.379.621.2-416.000)

PPT – Pelangi Publishing (Thailand) Co. Ltd (0105547130710)

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

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

PKSB – Pelangi Kids Sdn. Bhd. (692155-U)

Remark
* Percentage calculated based on Ordinary Shares Issued.
\# PCSB placed under Members' Voluntary Winding-Up on 29 September 2014 and has yet to complete.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Pelangi Publishing Group Berhad ("PPG" or "The Group"), I am pleased to present the Annual Report and Financial Statements for the financial year ended 30 September 2015.

FINANCIAL RESULTS

For the financial year ended 30 September 2015, the Group registered a revenue and pre-tax profit of RM63.3 million and RM4.9 million respectively compared to a revenue and pre-tax profit of RM64.4 million and RM8.3 million respectively in the previous year a decrease of 1.6% in revenue and 40.6% in pre-tax profit respectively.

The Publishing and Printing segments of the Group continue to be the major contributors towards the Group's revenue. The revenue recorded by the Publishing segment was RM54.9 million against RM58.2 million in the previous year while the Printing segment recorded RM14.0 million against RM13.8 million in the previous year. Revenue from the Printing segment was slightly improved in current financial year.

DIVIDEND

In appreciation to our shareholders, the Board has recommended a final single tier dividend of 1.25 sen per ordinary share of RM0.50 each amounting to RM1,209,111 for the financial year ended 30 September 2015 for the approval of shareholders at the forthcoming Annual General Meeting.

SIGNIFICANT CORPORATE DEVELOPMENT

Proposed Establishment of Employees' Share Option Scheme ("ESOS") and Share Buyback

On 28 December 2015, PPG announced that it proposes to establish an employees' share option scheme ("ESOS") of up to 15% of the issued and paid-up share capital of PPG, and purchase by PPG of up to 10% of its issued and paid-up share capital. Details of the proposal have been circulated in the announcement.

The Board will seek shareholders' approval of this proposal at the forthcoming Extraordinary General Meeting.

Subscription of shares in Xentral Methods Sdn. Bhd. ("XMSB")

PPG has on 15 June 2015 announced on the completion of subscribing 17,094 ordinary shares of XMSB, with a total cash consideration of RM1.0 million.

The share subscription in XMSB will enable the Group to enhance its digital related products, consequently improving the Group's future earnings and catering for technological changes in future.

CORPORATE SOCIAL RESPONSIBILITY ('CSR')

During the year, PPG and its subsidiaries continued to support various CSR initiatives reaching out to different segments of the local community.

We contributed our time, knowledge and financial support to various local organisations striving for collective solutions. Our commitment is to create shared value for our business and society. In the course of developing business relationship we have methodically developed distinct, forward-looking goals. These goals will serve to focus on a long term view of society and environmental business imperatives that will help to shape our company brand awareness/goal.

During the FY2015, PPG has undertaken several initiatives with various non-profit and charity organisations:

1. Donation from PPG staff and management to flood victims in Pantai Timur
2. Reading and Education materials donation to schools in Tawau, Sabah, in collaboration with Ministry of Education and officiated by Datuk Mary Yap
3. Getting to Know Us! Knowledge and Activities – Educational Tour Visit in Pelangi's Bangi office for Happy Kids Kindergarten
4. Book sponsorship for Miss Little Batik 2015 competition, in collaboration with 1 Mont Kiara Mall and in conjunction of Hari Raya celebration
5. Sponsorship for Pulai Spring Resort's Hari Raya Charity event to patients in Hospital Sultanah Aminah, Johor Bahru
6. Books donation for Self-Learning Room at Sekolah Kebangsaan Melayu Raya in Johor
7. Books donation for Books for Care initiative by DoubleTree by Hilton Hotel in Kuala Lumpur
8. Books sponsorship for 2015 convocation in Persatuan Tadika Malaysia
9. Set up mini library for orphanage under Teach for Raub initiative in Raub, Pahang
10. Book sponsorship for 2015 Mid Autumn Lantern Making competition, in collaboration with 1 Mont Kiara Mall and in conjunction of Mid Autumn Festival celebration

CORPORATE GOVERNANCE

PPG is supportive towards the adoption of the principles and recommendations set out in the Malaysian Code of Corporate Governance 2012. Hence, we strive to ensure sound corporate governance in order to safeguard our stakeholders' interests and enhance shareholders' value.

OUTLOOK AND PROSPECTS

Uncertain global economic condition in 2016 has led to slowdown in the Malaysian consumer market in 2015. Despite tougher economic landscape and stiff competition from other publishing industry players, PPG will continue to produce more innovative products in winning over market shares in Malaysia. More resources have been put in place for the ongoing textbook tenders for Secondary School Form 1, Form 4 and Primary School Year 1 as well.

Pelangi Thailand has continued to perform well in 2015, and is expected to further strengthening its local market position, by expanding into other untapped sectors in kindergarten market segment and strengthening its position in the Academic market.

Much focus will also be placed on Pelangi Indonesia, as PPG strengthens its staff strengths in its Indonesian office in 2016 and is ready to roll out many new products into the market, especially the international and private schools market.

APPRECIATION

On behalf of the Board, I wish to express our appreciation to the management, employees and agents for their dedication, hard work and commitment to ensure success of the Group.

We are also grateful to our customers, business associates, financiers and shareholders for their continuing support and trust in the Group.

To my fellow Directors, thank you for your invaluable guidance and contributions during these challenging times.

Datuk Sum Kown Cheek
Executive Chairman and Group Managing Director

DIRECTORS' PROFILE

DATUK SUM KOWN CHEEK
Executive Chairman and Group Managing Director

Datuk Sum Kown Cheek, aged 63, Malaysian, was appointed as an Executive Chairman and Managing Director of the Company on 19 December 2003. He is a member of the Remuneration Committee. He was conferred the Darjah Pangkuan Seri Melaka (DPSM) which carries the title of Datuk in conjunction with the 77th Birthday of Malacca Yang di-Pertua Negri Tun Khalil bin Yaakob on 14 November 2015.

Datuk Sum graduated from Universiti Sains Malaysia in 1978 and entered the teaching profession in the same year. In 1993, he left the teaching profession to join Penerbitan Pelangi Sdn Bhd as the Managing Director. Under his guidance, he spearheaded the Company to achieve rapid growth by securing local school textbook projects, expanding its product range by entering into children's books via securing Walt Disney licensee which subsequently placed Penerbitan Pelangi Sdn Bhd into the international publishing arena. The Company has been awarded with strings of prestigious Awards including Enterprise 50 Award, SMI Recognition Award, Superbrands Award 2000-2002 (ranking 12th, 16th and 8th), Hall Of Fame – Golden Bull Award 2008, The BrandLaureate – Brand Personality Awards 2012-2013, Anugerah Buku Negara (National Book Award), The BrandLaureate – Corporate Awards 2012-2013 and Best Brand Signature Award – Publishing Educational Product 2013-2014. His regular participation in overseas book fairs and conferences equipped him with fresh ideas that were constantly being injected into publication of quality books. An entrepreneur with more than twenty (20) years of publishing experiences, he has brought the Group to its present success and oversees all aspects of the Group's operation. He was also an Exco Member of the Malaysian Book Publishers Association (MABOPA) from 2011 to 2014. In 2014, he was invited by the Philippine Educational Publishers Association to present a paper entitled "Publishing in a Unified ASEAN Market Place" in the Philippine Educational Publishing Conference (PEPCON) during the Manila International Book Fair.

He has no directorship in other public listed companies. His spouse Datin Lai Swee Chiung, is a substantial shareholder of the Company. His elder brother, Datuk Sam Yuen @ Sam Chin Yan, is a director and substantial shareholder of PPG. Please refer to page 126 of this Annual Report for his securities holding.

LEE KHENG HON
Executive Director

Lee Kheng Hon, aged 71, Malaysian, was appointed as an Executive Director of the Company on 19 December 2003.

Mr Lee obtained his teaching qualification from the Regional Teacher Training Centre in 1966. He taught at the Petaling Garden Girls School, Selangor in 1967 before moving to teach at Maktab Sultan Abu Bakar, Johor Bahru (formerly known as English College) in 1973. He joined Penerbitan Pelangi Sdn Bhd in 1995 as the Personnel Manager. He is currently overseeing the printing operation of CMSB. He has no directorship in other public listed companies. Please refer to page 126 of this Annual Report for his securities holding.

VINCENT WONG SOON CHOY
Independent Non-Executive Director

Vincent Wong Soon Choy, aged 47, Malaysian, was appointed as an Alternate Director to Winston Paul Wong Chi-Huang of the Company on 10 January 2009. Subsequently, he became an Independent Non-Executive Director on 1 January 2011. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He obtained a Bachelor of Commerce Degree majoring in Accountancy and minor in Internal Audit from Flinders University of South Australia, Adelaide, Australia. He is also a Member of Malaysian Institute of Accountants (MIA) and a member of CPA Australia. He was the Head of Operations in Hwang-DBS Securities Bhd, Group Accountant for a public listed company Kia Lim Berhad, Accountant for Peninsula Securities Sdn Bhd and auditor with Ernst & Young. He has 16 years of working experience with exposures to corporate finance, auditing, compliance, tax planning, group accounts, corporate governance, corporate planning and restructuring. He is currently an Independent Non-Executive Director of Plastrade Technology Berhad, a company listed on the ACE Market of Bursa Securities. Please refer to page 126 of this Annual Report for his securities holding.

DATUK SAM YUEN @ SAM CHIN YAN
Non-Independent Non-Executive Director

Datuk Sam Yuen @ Sam Chin Yan, aged 65, Malaysian, was appointed as Non-Independent Non-Executive Director of the Company on 14 January 2008. He is a member of the Audit Committee. He was conferred the Darjah Pangkuan Seri Melaka (DPSM) which carries the title of Datuk in conjunction with the 77th Birthday of Malacca Yang di-Pertua Negri Tun Khalil bin Yaakob on 14 November 2015.

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

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

He is the elder brother of Datuk Sum Kown Cheek, the Executive Chairman and Managing Director of the Company. Please refer to page 126 of this Annual Report for his securities holding.

SYAHRIZA BINTI SENAN
Independent Non-Executive Director

Syahriza Binti Senan, aged 38, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 19 December 2003. She is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

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

She has fifteen years of working experience with exposures to internal audit, risk management, finance, compliance as well as corporate planning and restructuring. She has no directorship in other public listed companies. Please refer to page 126 of this Annual Report for her securities holding.

TEH HUI GUAN
Executive Director

Teh Hui Guan, aged 52, Malaysian, was appointed as an Executive Director of the Company on 1 February 2012.

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

He does not have any directorship in other public company, family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company. Please refer to page 126 of this Annual Report for his securities holding.

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

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

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

STATEMENT ON CORPORATE GOVERNANCE

POLICY ON CORPORATE GOVERNANCE OF PELANGI PUBLISHING GROUP BHD

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

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

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

PRINCIPLE STATEMENT

The Board is pleased to report to the shareholders that the Group has applied the Principles of Corporate Governance and Best Practices contained in the Malaysian Code on Corporate Governance 2012 ("the Code"). The manner and extent of compliance are stated as follows:-

SECTION 1: THE BOARD OF DIRECTORS

Composition of the Board

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

PPG is in compliance with the Main Market Listing Requirements of Bursa Securities which require that at least two (2) directors or one-third (1/3) of the total number of Directors, whichever is higher, to be Independent Directors. PPG also complies with the gender requirement in Recommendation 2.2 of the Code as Syahriza binti Senan is the female Independent Director.

The Company recognises the contribution of Non-Executive Directors as equal Board members to the development of the Group's strategy as well as their role in representing the interests of public shareholders and providing a balanced and independent view to the Board. No individual or group of individuals dominates the Board's decision making and the number of directors reflects fairly the interest of the shareholders. The profile of the Board members is set out on pages 10 to 12 of the Annual Report.

Roles and Responsibilities of the Board

The roles of Executive Chairman and Group Managing Director (GMD) are currently held by Datuk Sum Kown Cheek. The Board is aware that it is not compliance with the Best Practices of the Code on the separation of the roles of the Chairman and GMD.

However, the Board considers this combined position to be in the best interests of the Group in view of Datuk Sum's entrepreneurship, business acumen and vast experience in the publishing industry. The presence of the independent directors, though not forming a majority of the Board members, is sufficient to provide the necessary checks and balances on the decision making process of the Board. The significant contributions of the independent directors in the decision making process are evidenced in their participation as members of the various committees of the Board.

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

<u>Roles and Responsibilities of the Executive Chairman/GMD</u>

The roles of Executive Chairman and Group Managing Director (GMD) are currently held by Datuk Sum Kown Cheek. The Board is aware that it is not compliance with the Best Practices of the Code on the separation of the roles of the Executive Chairman and GMD.

However, the Board considers this combined position to be in the best interests of the Group in view of Datuk Sum's entrepreneurship, business acumen and vast experience in the publishing industry. The presence of the independent directors, though not forming a majority of the Board members, is sufficient to provide the necessary checks and balances on the decision making process of the Board. The significant contributions of the independent directors in the decision making process are evidenced in their participation as members of the various committees of the Board.

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

<u>Roles and Responsibilities of the Board</u>

The Board assumes, amongst others, the following roles and responsibilities:

1. Reviewing and adopting a strategic plan for the Group, with objectivity and has taken into account all appropriate considerations;
2. Ensuring the Group's long term strategic plans promote sustainability, with attention to the aspects of environmental, social and governance (ESG);
3. Overseeing the conduct of the Group's business to determine whether the business is being properly managed. The Board also ensures measurements are in place against which management's performance can be assessed;
4. Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
5. Establishing a corporate culture which engenders ethical conduct that is being practiced across the Group (Summary of the Code of Conduct is set out on the corporate website);
6. Succession planning, by ensuring appointed senior management positions are of sufficient calibre and programmes are in place for orderly succession of senior management;
7. Developing and implementing effective shareholder communications policy for the Group. This includes ensuring feedback from all stakeholders are being considered when making business decisions;
8. Reviewing the adequacy and the integrity of the management information and internal controls system of the Group;

9. Reviewing, adopting and implementing appropriate corporate disclosure policies and procedures;
10. All duties outlined in Schedule of Matters Reserved to the Board (Schedule of Matters Reserved to the Board is set out on the Company's corporate website www.pelangipublishing.com under Board Charter Appendix A).

Company Secretary

The Board is supported by the Company Secretary who facilitates overall compliance with the Main Market Listing Requirements ("MMLR"), Companies Act, 1965; and other relevant laws and regulations. In performing this duty, the Company Secretary carries out, among others, the following tasks:

1. Carrying out statutory duties as specified under the Companies Act, 1965 and MMLR;
2. Attending Board and Board Committee meetings and ensuring that the Board meetings are properly convened and proceedings are properly recorded;
3. Ensuring timely communication of Board level decisions to Management;
4. Ensuring that all appointments to the Board and Committees are properly made;
5. Maintaining records for the purposes of meeting statutory obligations;
6. Facilitating the provision of information as may be requested by the Directors from time to time; and
7. Supporting the Board in ensuring adherence to Board policies and procedures.

Code of Conduct

The Board observes the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

The Board also aims to establish a corporate culture, which engenders ethical conduct that permeates throughout the Company, through a set of Code of Conduct, to be adhered by all individuals employed by the Group.

The Code of Conduct is a guide to assist the Group's Directors and all levels of employees in living up to the Group's high ethical business standards, and provides guidance on the way employees should conduct themselves when dealing with other parties doing business with the Group. It also sets out and identifies the appropriate communication and feedback channels, which facilitate whistle-blowing.

A summary of the Code of Conduct is available on the Company's corporate website www.pelangipublishing.com.

Board Balance and Board Effectiveness

All Board members are individuals of calibre and credibility. The composition of the Board not only reflects the broad range of experience, skills and knowledge required to successfully direct and supervise the Group's business activities, but also the importance of independence in decision-making at the Board level. Expertise of our Board members includes publishing, information technology, paper manufacturing, supply chain, accounting and risk management.

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

The Nomination Committee constantly reviews the core competencies and experience of all Directors in order to enhance the Directors' participation in the Board to suit the ever-changing standards of corporate governance. Nomination Committee also provides feedback of the assessment during Board Meetings and recommends any improvement area to all Board members. In this financial year, Nomination Committee recommends, amongst other, better communication of the Company's strategic goals to management team.

Board Membership

The Board considers the appointment of new director upon recommendation from the Nomination Committee. In making these recommendations, the Nomination Committee will consider the skills, knowledge, expertise and experience, professionalism, integrity and their ability to discharge such responsibilities/functions as expected from independent non-executive directors. Any new director so appointed shall be subject to re-election at the next Annual General Meeting ("AGM") to be held immediately following the appointment.

The PPG's Articles of Association require all Directors to retire from office at least once in three (3) years and the retiring Directors are eligible for re-election at the AGM. Directors who are appointed by the Board during the year are subject to re-election at the next AGM following their appointments. All PPG directors devote sufficient time to carry out their responsibilities, and would notify the Chairman before accepting any other new directorship. This notification would also include indication of time that will be spent on the new appointment.

Malaysian Code on Corporate Governance ("the Code") recommends the tenure of an independent director not to exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. The Board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine years. Syahriza binti Senan has served the Board for more than nine years. Resolution to extend her tenure as an Independent Director of the Company was approved by shareholders in the last Annual General Meeting. In this financial year, none of the independent directors completes his/her ninth year serving the Board.

Supply of Information

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

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

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

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

Board Meetings

The Board met five (5) times during the financial year 2015 where it reviewed and approved various issues including the quarterly financial results of the Group for announcement to Bursa Securities, corporate announcements of the Group's business plan and strategy, and also the performance of the Group. The Board also reviewed the adequacy of the Group's internal control system.

Additional Board Meetings are held as and when required. When it is not possible to hold any meeting, a circular resolution will be passed by the Board. As at to date, all Directors have complied with the requirements in respect of Board Meeting attendance in accordance with the provision of PPG's Articles of Association. Details of the attendance of each Director at the Board Meetings held during the financial year 2015 are set out below:

Directors	Attendance
Datuk Sum Kown Cheek	5/5
Lee Kheng Hon	5/5
Teh Hui Guan	4/5
Vincent Wong Soon Choy	5/5
Datuk Sam Yuen @ Sam Chin Yan	4/5
Syahriza Binti Senan	5/5

Appointments of the Board and Re-election

Nomination Committee

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

The Nomination Committee comprises two (2) Independent Non-Executive Directors. For 2015, the members of Committee are as follows:

Members of the Nomination Committee as at Year 2015

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

There was one (1) meeting held during the financial year, which was attended by all the committee members.

The Committee has carried out assessment in respect of its board, committees and individual directors with criteria used in accordance with the Code. Outcome of the Nomination Committee meeting held this financial year was satisfactory. In this year's assessment, Nomination Committee recommends more active participation from Board members, more in-depth review of the company's strategy and budget by Board members and more in-depth succession planning.

The Committee has undertaken the following activities for year 2015:-

a) Assessed annually the performance and effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director as well as the Independent Directors based on the process implemented by the Board pursuant with the Code.

b) Identified the Directors who are due for re-election by rotation or re-appointment pursuant to the Company's Articles of Association or other prevailing law.

To assist shareholders in their decision, details of the Directors seeking for re-election at the forthcoming Annual General Meeting are disclosed in page 1 of this Annual Report and the Directors' profiles are disclosed separately on pages 10 to 12 of this Annual Report. The detailed Terms of Reference of the Nomination Committee are available for reference at the Company's website www.pelangipublishing.com and it will be reviewed from time to time.

Directors' Training

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

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

Directors		**Training Programmes**
Datuk Sum Kown Cheek	–	Kuala Lumpur International Book Fair, Beijing International Book Fair
	–	GST workshop: One-stop compliance solution, by Ernst & Young
Datuk Sam Yuen @ Sam Chin Yan	–	GST workshop: One-stop compliance solution, by Ernst & Young
Lee Kheng Hon	–	GST workshop: One-stop compliance solution, by Ernst & Young
Teh Hui Guan	–	Internal Audit Training
Vincent Wong Soon Choy	–	2016 Budget Outlook
Syahriza Binti Senan	–	Risk Management training
	–	GST workshop: One-stop compliance solution, by Ernst & Young

SECTION 2: DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

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

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

There was one (1) meeting held during the financial year, which were attended by all the members.

In determining remuneration for all Board members, the Remuneration Committee reviews the overall performance of the Company and contribution level of the Board members. Remuneration package may also vary subject to seniority.

The detailed Terms of Reference of the Remuneration Committee are available for reference at the Company's website www.pelangipublishing.com and it will be reviewed from time to time.

Directors' Remuneration

The details of the total remuneration accrued for the Directors of the Company during the financial year 2015 are as disclosed in Note 9 to the financial statements.

SECTION 3: SHAREHOLDERS

Annual General Meeting

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

Besides the usual agenda for the Annual General Meeting, the Board provided opportunities for the shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to provide response to the questions raised by shareholders during the meeting, and will also make recommendation on whether to carry out poll voting at the Company's Annual General Meetings.

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

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

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible to ensure that the financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards.

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

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

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

The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out on page 36 of this Annual Report.

Internal Control

The Board maintains a sound internal control framework to safeguard the shareholders' investment in the Group. The Statement on Internal Control furnished on pages 23 to 27 of this Annual Report provides an overview of the state of internal control within the Group.

RELATIONSHIP WITH AUDITORS

With the Internal Auditors

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

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

In 2015, Internal Auditing on Treasury Management and Sales & Marketing Management have been carried out and the Audit Committee is briefed on the findings raised by the Internal Auditors.

With the External Auditors

The Group through the Audit Committee has established a transparent and good working relationship with its External Auditors. The External Auditors, Messrs Ernst & Young, have continued to highlight to the Group their key findings and matters that require the Committee's attention with respect to audit on the statutory financial statement. The role of the Audit Committee in relation to the external auditors is outlined in the Audit Committee Report set out on pages 28 to 29 of this Annual Report.

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

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

(b) Share Buybacks
The Company did not exercise any Share Buybacks during the financial year.

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

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

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

(f) Material Contracts

To the best of the Board's knowledge, there were no material contracts involving the Group with any of the substantial shareholders nor Directors in office as at 30 September 2015 except those disclosed under Recurrent Related Party Transactions.

Two material contracts were made during the financial year 2015:

1. Agreement dated 12 January 2015 between Freemind Horizons Sdn Bhd and Pelangi Professional Publishing Sdn Bhd, a wholly owned subsidiary company of Pelangi whereby Freemind Horizons Sdn Bhd agreed to absolutely assign to Pelangi Professional Publishing Sdn Bhd the full and exclusive right and benefit of the copyrights over certain book titles together with the right to reproduce and distribute to the public for sale for a purchase consideration of RM310,000.

2. Subscription Agreement dated 15 June 2015 between Pelangi and Xentral Methods Sdn Bhd and Second Shareholders Agreement dated 15 June 2015 between Pelangi, Xentral Methods Sdn Bhd and Teak Ventures Sdn Bhd for the proposed subscription of 17,094 ordinary shares of RM1.00 each in the capital of Xentral Methods Sdn Bhd at a consideration of RM1,000,000.

(g) Material Contracts Relating to Loans

There were no material contracts relating to loans entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

(h) Non-Audit Fees

The amount of non-audit fees for services provided by the external auditors to the Group for the financial year 2015 was amounted to RM48,000.

(i) Variance between Audited Results and Previously Announced Unaudited Results

There was no variance of 10% or more for the audited results of the Group deviating from the unaudited results as announced on 30 November 2015.

(j) Profit Guarantee

During the financial year, there were no profit guarantees given by the Company.

(k) Recurrent Related-Party Transactions

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 27 to the Financial Statements and Circular dated 24 February 2016.

Datuk Sum Kown Cheek
Executive Chairman and Group Managing Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs, including the cash flow and results of the Company and its subsidiaries ("the Group") as at the end of the financial year. The Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 is stated on page 36 of this Annual Report.

The Directors are of the view that, in preparing the financial statements of the Company and the Group for the year ended 30 September 2015, the Company has adopted appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have also considered that all applicable Financial Reporting Standards have been followed during the preparation of audited financial statements.

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL INTRODUCTION

The Board of Directors ("the Board") of Pelangi Publishing Group Berhad ("the Group") acknowledges the importance of maintaining a good risk management and internal control system in the Group and committed to maintain and ensure that a system of internal control exists and operating effectively across the Group. The Board is pleased to provide this statement outlining the nature and scope of risk management and internal control of the Group for the financial year ended 30 September 2015 and up to the date of approval of this statement pursuant to Paragraph 15.26(b) and Practice Note 9 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD RESPONSIBILITIES

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

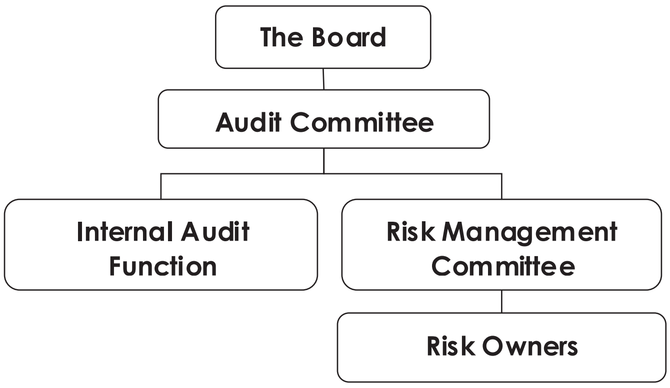
The Board does not review the internal control system of its associated companies, as the Board does not have direct control over their operations. Notwithstanding that, the Group's interests are served through representation on the boards of the respective associated companies and receipts and review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

As there are inherent limitations in any system of internal control, the system of internal controls is designed to manage rather than to eliminate all risks that may impede the achievement of the Group's corporate objectives. Therefore, the system of internal control can only provide reasonable assurance rather than absolute assurance against material misstatement of losses and fraud.

THE RISK MANAGEMENT

The Board recognises risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives. The Board maintains an ongoing commitment for identifying, evaluating and managing significant risks faced by the Group in its achievement of objectives and strategies during the financial year under review. The Board had put in place a structured Risk Management Framework, as the governance structure and processes for the risk management on enterprise wide, in order to embed the risk management practice into all level of the Group and to manage key business risks faced by the Group effectively as second line of defense.

The Risk Management Framework established lay down the risk management principles and conservative risk appetite accepted by the Board with formalised the governance structure of the risk management activities of the Group established as follows:



Clear roles and responsibilities of the Board, the Audit Committee, Risk Management Committee, Key Risk Officers, risk owners and internal audit function are defined in the Risk Management Framework with the terms of reference of Risk Management Committee and composition of the Risk Management Committee established by the Board. The Risk Management Committee is chaired by the Executive Chairman and Group Managing Director with the Business Development Director is assigned as Key Risk Officer, supported by members made up of heads of department and business division.

The primary roles of the Risk Management Committee are as follows:

- to embed the risk management framework throughout the Group;
- to identify the potential risks and to formulate mitigation action plan(s) to manage the risks identified within the risk appetite of the Group;
- to ensure that the Key Risk Registers and its rating remains relevant taking into consideration any changes to the business environment that the Group is operating in;
- to provide awareness and education on risk management at all level of the Group; and
- to ensure adequate resources are maintained in order to carry out its functions and responsibilities

Systematic risk management process is stipulated in the Risk Management Framework, whereby each step of the risk identification, risk assessment, control identification, risk treatment and control activities are laid down for application by the Risk Management Committee and the Management. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating as well as control effectiveness rating established by the Board as stipulated in the Framework. Based on the risk management process, a key risks register was compiled by the Management/Risk Management Committee with relevant key risks identified rated based on the agreed upon risk rating for identification of high residual risks above the risk appetite that require the Management and the Board's immediate attention and risk treatment as well as for future risk monitoring. As an important risks monitoring mechanism, the Risk Management Committee is scheduled to review the key risk registers and assessment of emerging risks identified at strategic and operational level on annual basis or on more frequent basis if circumstances required and to report to the Audit Committee on the results of the review and assessment. During the financial year under review, the Risk Management Committee convened a review and assessment meeting whereby existing strategic, governance and key operational risks were reviewed with emerging risks identified assessed and incorporated into the key risks register for on-going risk monitoring and assessment, after taken into consideration of the internal audit findings. Key risk profile, consists of strategic risks and key operational risks, was compiled and tabled to the Audit Committee for review and deliberation and for its reporting to the Board, which assumes the primary responsibility of the risk management of the Group.

At strategic level, business plans, business strategies and investment proposals with risks consideration are formulated by the Senior Management and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite. In addition, specific strategic and key operational risks are highlighted and deliberated by the Audit Committee and/or the Board during the review of the financial performance of the Group in the scheduled meetings.

As first line of defense, respective risk owners are responsible for managing the risks under their responsibilities. Risk owners are responsible for effective and efficient operational monitoring and management by way of maintaining effective internal controls and executing risk and control procedures on a day-to-day basis. Changes in the key operational risks or emergence of new key business risks are identified through daily operational management and controls and review of financial and operational reports by respective level of Management generated by internal management information system supplemented by external data and information from collected. Respective risk owners are responsible to assess the changes to the existing operational risks and emerging risks and to formulate and implement effective controls to manage the risks. Critical and material risks are highlighted to the Key Risk Officer and/or the Senior Management for the final decision on the formulation and implementation of effective internal controls.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal plan approved by the Audit Committee

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control systems are described below:

- **Board of Directors/Board Committees**
  The role, functions, composition, operation and processes of the Board are guided by formal board charter. Board Committees (i.e. Audit Committee, Remuneration Committee and Nomination Committee) are established to carry out duties and responsibilities delegated by the Board, governed by written terms of reference. Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective.

- **Integrity and Ethical Value**
  The tone from the top on integrity and ethical value are enshrined in formal Code of Conduct established and approved by the Board. This formal code forms the foundation of integrity and ethical value for the Group.

  Integrity and ethical value expected from the employees as incorporated in the formal Code of Conduct and Employee Handbook whereby the ethical behaviours expected in respect of business practices, conflict of interest, confidentiality, intellectual property, anti-trust and company resources are stated.

- **Organisation Structure and Authorisation**
  The Group has a well-defined organisation structure in place. The Group is committed to employing suitably qualified staff so that the appropriate level of authorities and responsibilities can be delegated accordingly to competent staffs to ensure operational efficiency. Furthermore, there is close involvement in daily operations of the Group by the Executive Directors and Senior Management.

  The authorisation requirement of the key internal control points of key business processes are guided by the Limit of Authority Manual established by the Management and approved by the Group Managing Director and the Board.

- **Policies and Procedures**
  The Group has documented policies and procedures to regulate key operations in compliance with International Organisation for Standardisation ("ISO") certification and such policies and procedures are periodically reviewed and updated to ensure its relevance.

- **Human Resource Policy**
  Comprehensive guidelines on the human resource management in Employee Handbook are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.

- **Information and Communication**
  At operational level, clear reporting lines established across the Group and operation reports are prepared for dissemination to relevant personnel for effective communication of critical Information throughout the Group for timely decision making and execution in pursuit of the business objectives. Matters that require the Board and the Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

  The Group puts in places effective and efficient information and communication infrastructures and channels, i.e. computerised enterprise resource planning system, secured intranet, electronic mail system and modern telecommunication, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection. Apart from that, relevant financial and management reports are generated for different level of the organisation structure for review and decision making and management and board meetings are held for effective two-way communication of information at different level of management and the Board.

- **Monitoring and Review**
  At operational level, management meetings are held at regular interval whereby the Senior Management reviews and discusses financial and operational performance of key divisions/departments and other significant operational issues arising.

  Apart from the internal audit, significant control issues highlighted by the external auditors as part of their statutory audits and the monitoring of compliance with ISO certification carried out by internal ISO auditors as well as surveillance audit by independent consultants engaged by the Group serve as the fourth line of defense.

  Apart from the above, the quarterly financial performance review containing key financial results and previous corresponding financial results are presented to the Board for their review.

INTERNAL AUDIT FUNCTION

The review of the adequacy and effectiveness of the Group's risk management and internal control system is outsourced to an independent service provider, who, through the Audit Committee provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's systems of the risk management and internal control. Internal audit plan in respect of financial year ended 30 September 2015 was drafted, after taking into consideration existing and emergent key business risks identified in the key risk profile of the Group, the Senior Management's opinion and previous internal audits performed, and was reviewed and approved by the Audit Committee prior to execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, key risks to be assessed and scopes of the internal control review.

As third line of defense, the internal controls review procedures performed by the internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls through the review of the samples selected based on sample sizes for the respective audit areas calculated in accordance with our predetermined formulation, subject to the nature of testing and verification of the samples.

During financial year ended 30 September 2015, the independent service provider conducted two (2) cycles of internal control reviews on sales, marketing and treasury management of two (2) of its key operating subsidiaries in accordance to the internal Audit Plan.

Upon the completion of the internal audit field work during the financial year, the internal audit reports were presented to the Audit Committee during its scheduled meetings. During the presentation, the internal audit findings and recommendations as well as management response and action plans are presented and deliberated with the members of the Audit Committee participating actively in the deliberation. Update on the status of action plans as identified in the previous internal audit report are presented at subsequent Audit Committee meeting for review and deliberation.

ASSURANCE PROVIDED BY THE GROUP MANAGING DIRECTOR AND SENIOR FINANCE MANAGER

In line with the Guidelines, the Group Managing Director, being the highest ranking executive in the Group and the Senior Finance Manager, being the person primarily responsible for the management of the financial affairs of the Group have provided assurance to the Board that the Group's risk management and internal control system have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

CONCLUSION

Based on the review of the risk management process and internal control system and the monitoring and review mechanism stipulated above coupled with the assurance provided by the Group Managing Director and the Senior Finance Manager, the Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

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

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 30 September 2015 and reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the systems of internal controls.

AUDIT COMMITTEE REPORT

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

AUDIT COMMITTEE DIARY

During the year 2015, the Audit Committee convened five (5) meetings, which the attendance is stated below:

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

For year 2015, the Audit Committee has carried out its duties in accordance with its Terms of Reference in the following:

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

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

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

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

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

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

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

(h) Reviewed the External Auditor's Plan, and Fees for year end audit 2015 and make recommendations to the Board for approval.

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

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

INTERNAL AUDIT FUNCTIONS

The outsourced internal auditors had met with the Audit Committee to present their reports and to discuss their findings and the adequacy of the internal control system of the Group, i.e. Treasury Management; Sales & Marketing Management.

The cost incurred in maintaining the internal audit function for the financial year ended 30 September 2015 was RM27,500.

The internal audit activities are summarised under the Statement on Risk Management and Internal Control.

The detailed Terms of Reference of the Audit Committee can be viewed at the Company's website www.pelangipublishing.com and it will be reviewed from time to time.

Financial Statements

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2015.

Principal activities

The principal activity of the Company is investment holding.

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

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

Results

	Group RM	Company RM
Profit net of tax	2,882,033	872,348
Profit attributable to owners of the parent	2,479,630	872,348

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

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

Dividends

The amount of dividend paid by the Company since 30 September 2014 was as follows:

	RM
In respect of the financial year ended 30 September 2015:	
Single tier final dividend of 4.0% on 96,728,900 ordinary shares (2.0 sen per ordinary share) declared on 23 January 2015 and paid on 30 April 2015	1,934,578

Dividends (cont'd)

At the forthcoming Annual General Meeting ("AGM"), a single tier final dividend in respect of the financial year ended 30 September 2015, of 2.5% on 96,728,900 ordinary shares, amounting to a dividend payable of RM1,209,111 (1.25 sen per ordinary share of RM0.50 each) 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 2016.

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
Vincent Wong Soon Choy
Sam Yuen @ Sam Chin Yan
Syahriza Binti Senan
Teh Hui Guan

Directors' benefits

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

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

Directors' interests

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

	Number of ordinary shares of RM0.50 each			
The Company	**1 October 2014**	**Acquired**	**Sold**	**30 September 2015**
Direct interest :				
Sum Kown Cheek	22,856,568	370,125	-	23,226,693
Lee Kheng Hon	1,285,965	-	518,300	767,665
Sam Yuen @ Sam Chin Yan	1,589,762	-	-	1,589,762
Teh Hui Guan	575,500	-	-	575,500
Deemed interest :				
Sum Kown Cheek	3,437,465	-	-	3,437,465
Sam Yuen @ Sam Chin Yan	5,682,500	-	-	5,682,500
Syahriza Binti Senan	13,750	-	-	13,750

	Number of ordinary shares of RM1 each			
Subsidiary - Pelangi Comics Sdn. Bhd.	**1 October 2014**	**Acquired**	**Sold**	**30 September 2015**
Direct interest				
Sum Kown Cheek	3,500	-	-	3,500

	Number of ordinary shares of USD1,000 each			
Subsidiary - P.T. Penerbitan Pelangi Indonesia	**1 October 2014**	**Acquired**	**Sold**	**30 September 2015**
Direct interest				
Sum Kown Cheek	5	-	-	5

The other Director in office does not have any interest in shares in the Company or its related corporations during the financial year.

Treasury shares

The Company did not repurchase any of its issued ordinary shares from the open market during the financial year.

As at 30 September 2015, the Company held as treasury shares a total of 3,271,100 of its 100,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,407,602 and further relevant details are disclosed in Note 24 to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 34 to the financial statements.

Other statutory information

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

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

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

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

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

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

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

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

Other statutory information (cont'd)

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

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

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

(f) In the opinion of the directors :

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

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

Auditors

The auditors, Ernst & Young, retire and do not seek re-appointment.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 January 2016.

Sum Kown Cheek Lee Kheng Hon

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

We, Sum Kown Cheek and Lee Kheng Hon, being two of the directors of Pelangi Publishing Group Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 40 to 117 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 36 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 January 2016.

Sum Kown Cheek | Lee Kheng Hon

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

I, Sum Kown Cheek, being the director primarily responsible for the financial management of Pelangi Publishing Group Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 40 to 117 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)
Darul Ta'zim on 15 January 2016) 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 statements of financial position as at 30 September 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 117.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirement

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

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

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

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

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

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

Other reporting responsibilities

The supplementary information set out in Note 36 to the financial statements on page 88 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Lee Ming Li
2983/03/16(J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 15 January 2016

Statements of comprehensive income
For the financial year ended 30 September 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	4	63,327,676	64,370,096	1,200,000	1,200,000
Cost of sales		(40,034,211)	(35,982,552)	-	-
Gross profit		23,293,465	28,387,544	1,200,000	1,200,000
Other item of income					
Other operating income	5	3,787,994	477,280	26,086	18,050
Other items of expenses					
Administration expenses		(12,178,803)	(10,539,449)	(470,436)	(342,304)
Selling expenses		(6,579,463)	(6,385,908)	-	-
Other expenses		(2,652,072)	(3,322,470)	(91,236)	(401,089)
Finance costs	6	(770,964)	(193,942)	-	-
Share of results of associates		34,584	(113,684)	-	-
Profit before tax	7	4,934,741	8,309,371	664,414	474,657
Income tax (expenses)/benefits	10	(2,052,708)	(3,346,544)	207,934	(210,230)
Profit net of tax		2,882,033	4,962,827	872,348	264,427
Other comprehensive income:					
(Loss)/Gain on fair value changes of other investment		(15)	87	-	-
Foreign currency translation		181,569	100,741	-	-
Other comprehensive income for the year, net of tax		181,554	100,828	-	-
Total comprehensive income for the year		3,063,587	5,063,655	872,348	264,427
Profit attributable to:					
Owners of the parent		2,479,630	4,687,860	872,348	264,427
Non-controlling interests		402,403	274,967	-	-
		2,882,033	4,962,827	872,348	264,427

Statements of comprehensive income (cont'd)
For the financial year ended 30 September 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Total comprehensive income attributable to:					
Owners of the parent		2,579,708	4,787,857	872,348	264,427
Non-controlling interests		483,879	275,798	-	-
		3,063,587	5,063,655	872,348	264,427
Earnings per share attributable to owners of the parent (sen per share)					
Basic	11	2.51	4.75		

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

Statements of financial position as at 30 September 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Non-current assets					
Property, plant and equipment	12	59,986,482	57,842,649	-	-
Investment properties	13	1,952,980	1,952,980	-	-
Investment in subsidiaries	14	-	-	32,979,642	32,972,313
Investment in associates	15	15,806	1	369,907	369,907
Other investments	16	1,026,659	26,674	1,000,000	-
Intangible assets	17	330,167	-	-	-
Deferred tax assets	23	2,889,015	3,236,036	-	-
		66,201,109	63,058,340	34,349,549	33,342,220
Current assets					
Inventories	18	33,474,913	31,614,852	-	-
Trade and other receivables	19	15,228,027	12,602,534	14,485,641	17,572,959
Prepayment		1,034,610	435,637	318	318
Tax recoverable		2,071,165	482,755	28,761	-
Cash and bank balances	20	17,035,160	20,300,060	1,020,229	1,214,115
		68,843,875	65,435,838	15,534,949	18,787,392
Total assets		135,044,984	128,494,178	49,884,498	52,129,612
Equity and liabilities					
Current liabilities					
Loans and borrowings	21	1,795,128	804,615	-	-
Trade and other payables	22	21,907,693	30,863,581	205,294	1,209,005
Income tax payable		282,439	869,993	-	179,173
		23,985,260	32,538,189	205,294	1,388,178
Net current assets		44,858,615	32,897,649	15,329,655	17,399,214
Non-current liabilities					
Loans and borrowings	21	14,933,542	1,944,088	-	-
Deferred tax liabilities	23	2,184,922	1,210,779	-	-
		17,118,464	3,154,867	-	-
Total liabilities		41,103,724	35,693,056	205,294	1,388,178
Net assets		93,941,260	92,801,122	49,679,204	50,741,434

Statements of financial position as at 30 September 2015 (cont'd)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Equity attributable to owners of the parent					
Share capital	24	50,000,000	50,000,000	50,000,000	50,000,000
Treasury shares	24	(1,407,602)	(1,407,602)	(1,407,602)	(1,407,602)
Fair value reserve	25	169	184	-	-
Foreign exchange reserve	25	548,551	448,458	-	-
Retained earnings	26	44,041,441	43,496,389	1,086,806	2,149,036
		93,182,559	92,537,429	49,679,204	50,741,434
Non-controlling interests		758,701	263,693	-	-
Total equity		93,941,260	92,801,122	49,679,204	50,741,434
Total equity and liabilities		135,044,984	128,494,178	49,884,498	52,129,612

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

Statements of changes in equity
For the financial year ended 30 September 2015

			← Attributable to owners of the parent →				
			← Non-Distributable →			Distributable	
Group	**Note**	**Total Equity RM**	**Share capital RM**	**Treasury shares RM**	**Fair value reserve RM**	**Foreign exchange reserve RM**	**Retained earnings RM**	**Non-controlling interests RM**
Opening balance at 1 October 2014		92,801,122	50,000,000	(1,407,602)	184	448,458	43,496,389	263,693
Total comprehensive income		3,063,587	-	-	(15)	100,093	2,479,630	483,879
Transactions with owners								
Acquisition of ordinary shares from non-controlling interest		(8,871)	-	-	-	-	-	(8,871)
Dividends on ordinary shares	33	(1,934,578)	-	-	-	-	(1,934,578)	-
Issuance of ordinary shares of subsidiary to non-controlling interest		20,000	-	-	-	-	-	20,000
Total transactions with owners		(1,923,449)	-	-	-	-	(1,934,578)	11,129
Closing balance at 30 September 2015		93,941,260	50,000,000	(1,407,602)	169	548,551	44,041,441	758,701

Statements of changes in equity (cont'd)
For the financial year ended 30 September 2015

			Attributable to owners of the parent					
			Non-Distributable				Distributable	
	Note	Total Equity RM	Share capital RM	Treasury shares RM	Fair value reserve RM	Foreign exchange reserve RM	Retained earnings RM	Non-controlling interests RM
Opening balance at 1 October 2013		89,672,045	50,000,000	(1,407,602)	97	348,548	40,743,107	(12,105)
Total comprehensive income		5,063,655	-	-	87	99,910	4,687,860	275,798
Transactions with owners								
Dividends on ordinary shares	33	(1,934,578)	-	-	-	-	(1,934,578)	-
Total transactions with owners		(1,934,578)	-	-	-	-	(1,934,578)	-
Closing balance at 30 September 2014		92,801,122	50,000,000	(1,407,602)	184	448,458	43,496,389	263,693

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

Statements of changes in equity (cont'd)
For the financial year ended 30 September 2015

Company	Note	Total Equity RM	Non-Distributable Share capital RM	Non-Distributable Treasury shares RM	Distributable Retained earnings RM
Opening balance at 1 October 2014		50,741,434	50,000,000	(1,407,602)	2,149,036
Total comprehensive income		872,348	-	-	872,348
Transactions with owners					
Dividends on ordinary shares	33	(1,934,578)			(1,934,578)
Total transactions with owners		(1,934,578)	-	-	(1,934,578)
Closing balance at 30 September 2015		49,679,204	50,000,000	(1,407,602)	1,086,806
Opening balance at 1 October 2013		52,411,585	50,000,000	(1,407,602)	3,819,187
Total comprehensive income		264,427	-	-	264,427
Transactions with owners					
Dividends on ordinary shares	33	(1,934,578)	-	-	(1,934,578)
Total transactions with owners		(1,934,578)	-	-	(1,934,578)
Closing balance at 30 September 2014		50,741,434	50,000,000	(1,407,602)	2,149,036

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

Statements of cash flows
For the financial year ended 30 September 2015

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Cash flows from operating activities				
Profit before tax	4,934,741	8,309,371	664,414	474,657
Adjustments for :				
Amortisation of intangible assets	59,833	-	-	-
Bad debts written off	596,203	81,396	-	4,018
Depreciation of property, plant and equipment	2,679,963	2,232,999	-	-
Dividend income	(24)	(24)	(1,200,000)	(1,200,000)
Finance costs	770,964	193,942	-	-
Gain on disposal of property, plant and equipment	(147,219)	(4,282)	-	-
Allowance for Impairment for investment in subsidiary	-	-	72,671	365,484
Impairment loss on receivables				
- Trade receivables	299,472	960,936	-	-
- Other receivables	-	47	-	-
Reversal of impairment loss on trade receivables	(492,843)	(464,032)	-	-
Interest income	(211,048)	(288,999)	(26,086)	(18,050)
Property, plant and equipment written off	1,563	3,148	-	-
Share of results of associates	(34,584)	113,684	-	-
Inventories written off	103,006	-	-	-
Provision for stock obsolences	137,739	-	-	-
Unrealised foreign exchange (gain)/loss	(2,706,050)	37,828	-	-
Operating profit/(loss) before working capital changes	5,991,716	11,176,014	(489,001)	(373,891)
Changes in working capital				
Inventories	(2,100,806)	(3,454,823)	-	-
Trade and other receivables	(1,994,245)	(490,651)	3,087,318	(405,419)
Prepayment	(598,973)	207,623	-	(318)
Trade and other payables	(7,283,918)	7,986,511	(1,003,711)	1,019,964
Cash (used in)/generated from operations	(5,986,226)	15,424,674	1,594,606	240,336
Interest paid	(770,964)	(193,942)	-	-
Tax paid	(3,222,822)	(2,410,600)	-	-
Tax refunded	368,909	389,508	-	32,770
Net cash (used in)/generated from operating activities	(9,611,103)	13,209,640	1,594,606	273,106

Statements of cash flows (cont'd)
For the financial year ended 30 September 2015

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash flows from investing activities				
Acquisition of shares in subsidiary	(8,871)	-	(80,000)	-
Dividend received	24	24	1,200,000	1,150,000
Interest received	211,048	288,999	26,086	18,050
Purchase of intangible asset	(390,000)	-	-	-
Purchase of other investment	(1,000,000)	-	(1,000,000)	-
Purchase of property, plant and equipment	(3,163,933)	(20,126,120)	-	-
Proceeds from disposal of property, plant and equipment	148,583	7,831	-	-
Net cash (used in)/generated from investing activities	(4,203,149)	(19,829,266)	146,086	1,168,050
Cash flows from financing activities				
Dividend paid on ordinary shares	(1,934,578)	(1,934,578)	(1,934,578)	(1,934,578)
Issuance of ordinary shares of subsidiary to non-controlling interest	20,000	-	-	-
Repayment of obligation under finance leases	(1,988,650)	(639,481)	-	-
Proceeds from finance leases	1,538,161	253,975	-	-
Repayment of term loans	(1,023,878)	(1,312,861)	-	-
Proceed from term loans	13,950,000	400,000	-	-
Net cash generated from/(used in) financing activities	10,561,055	(3,232,945)	(1,934,578)	(1,934,578)
Net decrease in cash and cash equivalents	(3,253,197)	(9,852,571)	(193,886)	(493,422)
Effect of exchange rate changes on cash and cash equivalents	(11,703)	75,317	-	-
Cash and cash equivalents at beginning of the year	20,100,060	29,877,314	1,214,115	1,707,537
Cash and cash equivalents at end of the year (Note 20)	16,835,160	20,100,060	1,020,229	1,214,115

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

Notes to the financial statements
For the financial year ended 30 September 2015

1. Corporate information

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements for the year ended 30 September 2015 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have also been prepared on the historical cost basis except as disclosed in accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company.

2.2 Changes in accounting policies

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

On 1 October 2014, the Group and the Company adopted the following new and amended MFRS and IC Interpretations:

Description

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010–2012 Cycle
Annual Improvements to MFRSs 2011–2013 Cycle

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

2.2 Changes in accounting policies (cont'd)

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

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and “simultaneous realisation and settlement”. These amendments are to be applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group.

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by MFRS 13 Fair Value Measurements.

The application of these amendments has no impact on the disclosures in the Group’s and the Company’s financial statements.

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

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Group and the Company intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint operations	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application other than as discussed below :

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers.MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group and the Company are currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

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

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

MFRS 9 Financial Instruments

In November 2014, IASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

The directors are of the opinion that the standards and interpretations above will have no material impact on the financial statements in the year of initial adoption.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

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

2.4 Basis of consolidation

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

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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

2.4 Basis of consolidation (cont'd)

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.5 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

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

2.5 Business combinations (cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

2.6 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

2.7 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

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

2.8 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

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

2.8 Foreign currency (cont'd)

(c) Foreign operations

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

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

	2015 RM	2014 RM
100 Thai Baht	8.1813	9.8937
100 Indonesian Rupiah	0.0303	0.0372
1 Great Britain Pound	6.7431	5.3193
1 Chinese Renminbi	0.6994	0.5323

2.9 Property, plant and equipment

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

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

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

2.9 Property, plant and equipment (cont'd)

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

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

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

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

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

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

2.10 Intangible assets

(a) Goodwill

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

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

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

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

2.10 Intangible assets (cont'd)

(a) Goodwill (cont'd)

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.8.

Goodwill and fair value adjustments which arose on acquisition of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

(b) Research and development costs

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

Deferred development costs have a finite useful life and are amortised over the period of 5 years on a straight line basis.

2.11 Investment properties

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

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

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

2.12 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

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

2.13 Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

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

2.14 Financial assets

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

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

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

(a) Loans and receivables

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

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

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

(b) Available-for-sale financial assets

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

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

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

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

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

2.14 Financial assets (cont'd)

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

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

2.15 Impairment of financial assets

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

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

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

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

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

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

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

2.15 Impairment of financial assets (cont'd)

(b) Unquoted and other investments carried at cost

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

(c) Available-for-sale financial assets

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

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

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

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

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

2.17 Inventories

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

- Raw materials: purchase costs on a weighted average basis.

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

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

2.18 Provisions

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

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

2.19 Financial liabilities

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

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

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

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

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

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

2.19 Financial liabilities (cont'd)

(b) Other financial liabilities

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

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

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

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

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

2.20 Borrowing costs

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

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

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

2.21 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.22 Leases

(a) As lessee

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

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

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

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

2.22 Leases (cont'd)

(b) As lessor

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

2.23 Revenue

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

(a) Sale of goods

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

(b) Rental income

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

(c) Dividend income

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

2.24 Income tax

(i) Current tax

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

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

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

2.24 Income tax (cont'd)

(ii) Deferred tax

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

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

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

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

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

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

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

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

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

2.24 Income tax (cont'd)

(ii) Deferred tax (cont'd)

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

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

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

(iii) Goods and Services Tax (“GST”)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.25 Segment reporting

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

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

2.26 Share capital and share issuance expenses

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

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

2.27 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideraion paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.28 Contingencies

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

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

2.29 Current versus non-current classification

Assets and liabilities in the statement of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

2.30 Fair value measurement

The Group and the Company measure financial instruments and non-financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

2.30 Fair value measurement (cont'd)

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

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

3.2 Key sources of estimation uncertainty

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

(a) Useful lives of plant and machinery

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

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

3.2 Key sources of estimation uncertainty (cont'd)

(b) Income taxes

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

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

(c) Impairment of loans and receivables

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

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

(d) Deferred tax assets

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

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

(e) Provision for sales returns

The Group records estimated reductions in revenue for potential returns of products by customers. As a result, the Group make estimates of potential future product returns related to current period product revenue. In making such estimates, management analyses historical returns, current economic trends and changes in customer demand and acceptance of its products.

4. Revenue

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Sale of goods	61,577,976	63,955,256	-	-
Rental income	1,749,700	414,840	-	-
Dividend income from subsidiaries	-	-	1,200,000	1,200,000
	63,327,676	64,370,096	1,200,000	1,200,000

5. Other operating income

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Allowance for impairment of trade receivables written back	239,307	-	-	-
Dividend income	24	24	-	-
Gain on disposal of property, plant and equipment	147,219	4,282	-	-
Gain on foreign exchange				
- realised	82,215	-	-	-
- unrealised	2,706,050	-	-	-
Interest income	211,048	288,999	26,086	18,050
Income on disposal of printing plates	-	8,590	-	-
Income on disposal of scrap papers	13,495	32,455	-	-
Rental income of premises	117,856	34,687	-	-
Sundry income	270,780	108,243	-	-
	3,787,994	477,280	26,086	18,050

6. Finance costs

	Group	
	2015	2014
	RM	RM
Term loan interest	699,277	167,113
Finance lease interest	71,687	26,829
	770,964	193,942

7. Profit before tax

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Auditors' remuneration				
- Auditors' of the Company				
- statutory audits				
- current year	120,000	112,000	42,000	40,000
- other services	48,000	23,000	22,000	11,000
- Other auditors				
- statutory audits	116,846	106,200	-	-
- (Over)/underprovision in prior year	(300)	1,000	-	-
Bad debts written off	596,203	81,396	-	4,018
Bad debts recovered	(85)	(44,471)	-	-
Amortisation of intangible assets (Note 17)	59,833	-	-	-
Depreciation of property, plant and equipment (Note 12)	2,679,963	2,232,999	-	-
Gain on disposal of property, plant and equipment	(147,219)	(4,282)	-	-
Impairment loss on receivables				
- Trade receivables (Note 19)	299,472	960,936	-	-
- Other receivables	-	47	-	-
Incorporation expenses	3,362	-		
Reversal of impairment loss on trade receivables (Note 19)	(492,843)	(464,032)	-	-
(Gain)/loss on foreign exchange				
- Realised	(81,579)	690,658	-	(15)
- Unrealised	(2,706,050)	37,828	-	-
Property,plant and equipment written off	1,563	3,148	-	-
Allowance for impairment for investments in subsidiary	-	-	72,671	365,484
Provision for stock obsolences	137,739	-	-	-
Rental				
- Land and building	243,581	387,310	-	-
- Plant and equipment	23,234	22,913	-	-
Inventory written off	103,006	-	-	-
Non-executive directors' remuneration (Note 9)	72,500	76,000	72,500	76,000
Employee benefits expense (Note 8)	16,207,902	14,543,292	-	-

8. Employee benefits expense

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

	Group	
	2015	2014
	RM	RM
Wages, salaries and bonus	14,574,069	13,201,575
Contributions to defined contribution plan	1,393,624	1,262,694
Social security contributions	172,507	156,421
Provision for/(reversal of) unutilised annual leave	67,702	(77,398)
	16,207,902	14,543,292

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM569,384 (2014 : RM574,215).

9. Directors' remuneration

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	470,160	477,360	-	-
Bonus	66,030	64,406	-	-
Defined contribution plan	32,751	32,006	-	-
Social security contribution	443	443	-	-
	569,384	574,215	-	-
Fees				
- current year	192,595	185,500	38,500	38,500
- prior year	1,095	-	-	-
	763,074	759,715	38,500	38,500
Non-Executive:				
Fees				
- current year	72,500	72,500	72,500	72,500
- prior year	-	3,500	-	3,500
	72,500	76,000	72,500	76,000
	835,574	835,715	111,000	114,500

9. Directors' remuneration (cont'd)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Directors of subsidiaries				
Executive:				
Salaries and other emoluments			-	-
- current year	467,094	400,729	-	-
- overprovision in prior year	(11,441)	-	-	-
Fees				
- current year	26,000	28,500	-	-
- overprovision in prior year	-	(2,500)	-	-
Bonus				
- current year	22,388	64,900	-	-
- (over)/underprovision in prior year	(15,800)	2,866	-	-
Defined contribution plan	119,967	107,660	-	-
Social security contribution	1,155	1,436	-	-
	609,363	603,591	-	-
Total directors' remuneration	1,444,937	1,439,306	111,000	114,500

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

	Number of directors	
	2015	2014
Executive directors:		
RM200,000 and below	1	1
RM200,001 - RM250,000	1	1
RM500,001 - RM550,000	1	1
Non-Executive directors:		
RM50,000 and below	3	3

10. Income tax expense/(benefit)

The major components of income tax expense/(benefit) for the years ended 30 September 2015 and 2014 are:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Statements of comprehensive income:				
Current income tax				
- Malaysian income tax	1,318,759	3,425,935	5,582	243,000
- (Over)/underprovision in respect of previous year	(614,667)	99,809	(213,516)	(32,770)
	704,092	3,525,744	(207,934)	210,230
Deferred income tax (Note 23)				
- Origination and reversal of temporary differences	1,216,774	(256,628)	-	-
- Underprovision in respect of previous year	131,842	77,428	-	-
	1,348,616	(179,200)	-	-
Income tax expense/(benefit) recognised in profit or loss	2,052,708	3,346,544	(207,934)	210,230

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% effective year of assessment 2016. The computation of deferred tax as at 30 September 2015 has reflected this change.

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

10. Income tax expense/(benefit) (cont'd)

Reconciliation between tax expense/(benefit) and accounting profit

The reconciliation between tax expense/(benefit) and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 September 2015 and 2014 are as follows :

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before tax	4,934,741	8,309,371	664,414	474,657
Taxation at Malaysian statutory tax rate of 25% (2014 : 25%)	1,233,685	2,077,343	166,104	118,664
Different tax rates in other countries	(152,188)	(45,930)	-	-
Adjustments:				
Opening on deferred tax of reduction in tax rate	106,350	-	-	-
Non-deductible expenses	1,293,266	901,852	139,478	124,336
Income not subject to taxation	(579,600)	(133,709)	(300,000)	-
Utilisation of current year's reinvestment allowances	(34,823)	(92,498)	-	-
Utilisation of deferred tax assets not previously recognised	(12,011)	(137,000)	-	-
Deferred tax assets not recognised on capital allowances	170,165	599,250	-	-
Deferred tax liability in respect of potential dividend declared by overseas subsidiary subject to witholding tax	510,689	-	-	-
(Over)/underprovision of income tax in respect of previous year	(614,667)	99,808	(213,516)	(32,770)
Underprovision of deferred tax in respect of previous year	131,842	77,428	-	-
Income tax expense/(benefit) recognised in profit or loss	2,052,708	3,346,544	(207,934)	210,230

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

10. Income tax expense/(benefit) (cont'd)

Tax savings during the financial year arising from:

	Group	
	2015 RM	2014 RM
Utilisation of reinvestment allowances	34,823	92,498
Utilisation of previously unrecognised capital allowances	-	120,500
Utilisation of previously unrecognised reinvestment allowances	-	16,500

11. Earnings per share

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

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

	Group	
	2015 RM	2014 RM
Profit net of tax attributable to owners of the parent (RM)	2,479,630	4,687,860
Weighted average number of ordinary shares in issue	98,743,968	98,743,968
Basic earnings per share (sen)	2.51	4.75

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

12. Property, plant and equipment

Group	Leasehold land RM	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Capital work-in-progress RM	* Others RM	Total RM
Cost :									
At 1 October 2013	9,099,177	13,823,169	15,710,687	850,665	12,754,490	3,339,076	458,077	8,008,825	64,044,166
Additions	8,095,514	8,960	9,494,957	414,606	450,296	253,975	433,889	1,627,898	20,780,095
Disposals	-	-	-	-	-	(43,766)	-	(41,798)	(85,564)
Write off	-	-	-	(12,280)	(171,734)	-	-	(260,494)	(444,508)
Transfer	-	-	749,444	-	-	-	(749,444)	-	-
Exchange differences	-	-	-	(1,891)	-	(9,067)	-	(15,896)	(26,854)
At 30 September 2014	17,194,691	13,832,129	25,955,088	1,251,100	13,033,052	3,540,218	142,522	9,318,535	84,267,335
At 1 October 2014	17,194,691	13,832,129	25,955,088	1,251,100	13,033,052	3,540,218	142,522	9,318,535	84,267,335
Additions	98,328	-	96,872	59,216	3,540,621	245,948	-	661,109	4,702,094
Disposals	-	-	-	-	(701,250)	(146,152)	-	(1,364)	(848,766)
Write off	-	-	-	-	(247,512)	-	-	(525,398)	(772,910)
Reclassification	403,500	-	(403,500)	218,325	-	-	-	(218,325)	-
Exchange differences	51,321	-	111,196	22,848	-	58,298	-	95,771	339,434
At 30 September 2015	17,747,840	13,832,129	25,759,656	1,551,489	15,624,911	3,698,312	142,522	9,330,328	87,687,187

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

Group	Leasehold land RM	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Capital work-in-progress RM	* Others RM	Total RM
Accumulated depreciation :									
At 1 October 2013	1,270,618	-	3,386,259	658,836	10,440,811	2,554,656	-	6,423,141	24,734,321
Charge for the year (Note 7)	113,030		346,498	84,113	600,612	356,396	-	732,350	2,232,999
Disposals	-	-	-	-	-	(43,766)	-	(38,249)	(82,015)
Write off	-	-	-	(12,280)	(171,734)	-	-	(257,346)	(441,360)
Exchange differences	-	-	(413)	(280)	-	(4,498)	-	(14,068)	(19,259)
At 30 September 2014	1,383,648	-	3,732,344	730,389	10,869,689	2,862,788	-	6,845,828	26,424,686
At 1 October 2014	1,383,648	-	3,732,344	730,389	10,869,689	2,862,788	-	6,845,828	26,424,686
Charge for the year (Note 7)	320,884	-	597,836	137,328	642,301	268,820	-	712,794	2,679,963
Disposals	-	-	-	-	(701,250)	(118,152)	-	(28,000)	(847,402)
Write off	-	-	-	-	(247,512)	-	-	(523,835)	(771,347)
Reclassification	(2,209)	-	2,209	37,899	-	-	-	(37,899)	-
Exchange differences	-	-	5,254	30,242	-	71,519	-	107,790	214,805
At 30 September 2015	1,702,323	-	4,337,643	935,858	10,563,228	3,084,975	-	7,076,678	27,700,705
Net carrying amount :									
At 30 September 2014	15,811,043	13,832,129	22,222,744	520,711	2,163,363	677,430	142,522	2,472,707	57,842,649
At 30 September 2015	16,045,517	13,832,129	21,422,013	615,631	5,061,683	613,337	142,522	2,253,650	59,986,482

* 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)

Assets held under finance leases
During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM4,702,094 (2014: RM20,780,095) of which RM1,538,161 (2014: RM253,975) and RM Nil (2014: RM400,000) were by means of finance leases and term loans respectively.

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

	Group	
	2015	**2014**
	RM	**RM**
Motor vehicles	461,800	407,581
Plant and machinery	1,919,317	239,933
	2,381,117	647,514

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

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

	Group	
	2015	**2014**
	RM	**RM**
Freehold land	1,370,680	1,370,680
Leasehold land	7,944,584	146,740
Buildings	18,249,712	10,435,448
	27,564,976	11,952,868

13. Investment properties

	Group	
	2015	**2014**
	RM	**RM**
Cost		
At 1 October and 30 September		
Freehold land	1,952,980	1,952,980
Fair value of investment properties	3,485,000	2,945,000

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

14. Investment in subsidiaries

	Company 2015 RM	Company 2014 RM
Unquoted shares, at cost		
In Malaysia	33,678,037	33,598,038
Outside Malaysia	7,931	12,217
	33,685,968	33,610,255
Impairment losses	(706,326)	(637,942)
	32,979,642	32,972,313

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015	Proportion (%) of ownership interest 2014
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
Dickens Publishing Ltd *	England	Publishing and distribution of books and other educational materials.	100	100

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015	2014
Pelangi Publishing Singapore Pte Ltd *	Singapore	Publishing and distribution of books and other educational materials.	100	100
Pelangi Epublishing Sdn. Bhd. *	Malaysia	Distribution and provider of e-learning material, equipment and multimedia related products.	100	100
Pelangi Professional Publishing Sdn. Bhd. *	Malaysia	Publishing and distribution of novels and books.	80	-
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 of educational comics books	63	63
Pelangi Novel Sdn. Bhd. *	Malaysia	Publishing and distribution of novel books.	100	100
Elite Corridor Sdn. Bhd. *	Malaysia	Investment holding, property letting and property management.	100	100
Held through Pelangi Publishing Holding Sdn. Bhd.:				
The Commercial Press Sdn. Bhd. *	Malaysia	Provision of printing services.	100	100
Pelangi Multimedia Technologies Sdn. Bhd. *	Malaysia	Multimedia and graphic designing and the production of educational CD-ROMS and related IT products.	62	62

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015	2014
Held through Pelangi Multimedia Technologies Sdn. Bhd.:				
Pelangi Kids Sdn. Bhd. *	Malaysia	Educational services.	100	100
Held through Pelangi Publishing International Sdn. Bhd.:				
P.T. Penerbitan Pelangi Indonesia *	Indonesia	Production and distribution of books, educational materials, multimedia and web related products.	95	95
Pelangi Publishing (Thailand) Co. Ltd. * @	Thailand	Production and distribution of books, educational materials, multimedia and web related products and serve as agencies and licensing to publish, print and distribute books and educational materials.	90	80

* Audited by firms of auditors other than Ernst & Young
@ Effective interest computed based on ordinary shares
# Placed under members' winding-up during the financial year

14. Investment in subsidiaries (cont'd)

Acquisition of subsidiary - Pelangi Professional Publishing Sdn. Bhd. ("PPPSB")

On 9 January 2015, the Company acquired 100% equity interest in PPPSB, a company incorporated in Malaysia for a consideration of RM2. The intended principal activity of PPPSB is publishing and distribution of novels and books.

During the year, PPPSB increased its paid up share capital to RM100,000 in which the Company acquired 79,998 shares for a cash consideration of RM79,998 and the remaining 20,000 shares was acquired by third parties which resulted in a reduction of the Company's equity interest in PPPSB to 80%.

Acquisition of non-controlling interest

On 19 June 2015, the Group’s subsidiary company, Pelangi Publishing International Sdn. Bhd., acquired an additional 10% equity interest in Pelangi Publishing (Thailand) Co. Ltd. ("PPTCL") from its non-controlling interest for a cash consideration of RM8,871. As a result of this acquisition, the Group's equity interest in PPTCL has increase to 90%.

The subsidiaries of the Group that have material non-controlling interests are as follows:

	Proportion (%) of ownership held by non-controlling	
	2015	**2014**
	%	**%**
P.T. Penerbitan Pelangi Indonesia	5	5
Pelangi Publishing (Thailand) Co. Ltd.	10	20
Pelangi Multimedia Technologies Sdn. Bhd.	38	38
Pelangi Comics Sdn. Bhd.	37	37
Pelangi Professional Publishing Sdn. Bhd.	20	-

Summarised financial information of their subsidiaries which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

14. Investment in subsidiaries (cont'd)

(i) Summarised statements of financial position

2015	P.T. Penerbitan Pelangi Indonesia RM	Pelangi Publishing (Thailand) Co. Ltd RM	Pelangi Multimedia Technologies Sdn. Bhd. RM	Pelangi Comics Sdn. Bhd. RM	Pelangi Professional Publishing Sdn. Bhd. RM	Total RM
Non-current assets	1,580,060	240,017	11,016	-	263,500	2,094,593
Current assets	4,485,175	7,520,655	353,475	21,059	261,028	12,641,392
Total assets	6,065,235	7,760,672	364,491	21,059	524,528	14,735,985
Non-current liabilities	-	18,036	-	-	-	18,036
Current liabilities	11,282,192	1,610,677	1,470,922	5,129	503,492	14,872,412
Total liabilities	11,282,192	1,628,713	1,470,922	5,129	503,492	14,890,448
Total net (liabilities)/assets	(5,216,957)	6,131,959	(1,106,431)	15,930	21,036	(154,463)

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

(i) Summarised statements of financial position (cont'd)

2014	**P.T. Penerbitan Pelangi Indonesia RM**	**Pelangi Publishing (Thailand) Co. Ltd RM**	**Pelangi Multimedia Technologies Sdn. Bhd. RM**	**Pelangi Comics Sdn. Bhd. RM**	**Total RM**
Non-current assets	1,569,019	260,165	28,785	-	1,857,969
Current assets	4,579,978	5,267,287	527,977	21,059	10,396,301
Total assets	6,148,997	5,527,452	556,762	21,059	12,254,270
Non-current liabilities	-	55,134	-	-	55,134
Current liabilities	10,317,138	2,052,161	1,642,862	5,129	14,017,290
Total liabilities	10,317,138	2,107,295	1,642,862	5,129	14,072,424
Total net (liabilities)/assets	(4,168,141)	3,420,157	(1,086,100)	15,930	(1,818,154)

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

(ii) Summarised statements of comprehensive income

	P.T. Penerbitan Pelangi Indonesia	Pelangi Publishing (Thailand) Co. Ltd	Pelangi Multimedia Technologies Sdn. Bhd.	Pelangi Comics Sdn. Bhd.	Pelangi Professional Publishing Sdn. Bhd.	Total
2015	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Revenue	903,578	7,747,502	44,032	-	246,072	8,941,184
Total comprehensive (loss)/income	(484,747)	1,918,521	(20,331)	-	(78,964)	1,334,479
2014						
Revenue	982,517	7,925,711	68,442	-	-	8,976,670
Total comprehensive (loss)/income	(2,096,229)	1,881,477	(44,302)	(58,157)	-	(317,211)

14. Investment in subsidiaries (cont'd)

(iii) Summarised cash flows:

2015	P.T. Penerbitan Pelangi Indonesia RM	Pelangi Publishing (Thailand) Co. Ltd RM	Pelangi Multimedia Technologies Sdn. Bhd. RM	Pelangi Comics Sdn. Bhd. RM	Pelangi Professional Publishing Sdn. Bhd. RM	Total RM
Net cash generated from operating activities	81,764	2,463,117	102,366	-	237,734	2,884,981
Net cash used in investing activities	(22,323)	(20,389)	-	-	(310,000)	(352,712)
Net cash (used in)/generated from financing activities	(38,485)	(903,230)	(163,933)	-	100,000	(1,005,648)
Net increase/(decrease) in cash and cash equivalents	20,956	1,539,498	(61,567)	-	27,734	1,526,621
Exchange differences	28,118	290,949	-	-	-	319,067
Cash and cash equivalents at beginning of the year	221,066	1,390,025	85,379	21,059	-	1,717,529
Cash and cash equivalents at the end of the year	270,140	3,220,472	23,812	21,059	27,734	3,563,217

14. Investment in subsidiaries (cont'd)

(iii) Summarised cash flows (cont'd):

2014	P.T. Penerbitan Pelangi Indonesia RM	Pelangi Publishing (Thailand) Co. Ltd RM	Pelangi Multimedia Technologies Sdn. Bhd. RM	Pelangi Comics Sdn. Bhd. RM	Total RM
Net cash (used in)/generated from operating activities	(708,417)	284,665	(46,043)	(5,494)	(475,289)
Net cash used in investing activities	(1,277,221)	(65,235)	-	-	(1,342,456)
Net cash generated from financing activities	1,581,416	13,276	-	-	1,594,692
Net (decrease)/increase in cash and cash equivalents	(404,222)	232,706	(46,043)	(5,494)	(223,053)
Exchange differences	(23,244)	(42,563)	-	-	(65,807)
Cash and cash equivalents at beginning of the year	648,532	1,199,882	131,422	26,553	2,006,389
Cash and cash equivalents at the end of the year	221,066	1,390,025	85,379	21,059	1,717,529

15. Investment in associates

Group	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Unquoted shares, at cost				
In Malaysia	-	30,000	-	-
Outside Malaysia	369,907	369,907	369,907	369,907
	369,907	399,907	369,907	369,907
Less : Allowance for impairment loss	-	(30,000)	-	-
	369,907	369,907	369,907	369,907
Share of post acquisition reserve	(334,742)	(369,906)	-	-
Exchange differences	(19,359)	-	-	-
	15,806	1	369,907	369,907

Name	Country of incorporation	Principal activities	Equity interest held (%) 2015	Equity interest held (%) 2014
Held by the Company				
Hebei Culture Communication Ltd. Chunyu Rainbow	China	Production of academic, children and general titles and multimedia related products for the China market.	40	40
Held through Pelangi Publishing Holding Sdn. Bhd.				
Pelangi Multimedia Sdn. Bhd. #	Malaysia	Web page, CD-ROM designers and distribution and sale of all kind of interest and multimedia related products.	-	30

\# Placed under members' winding-up during financial year ended 30 September 2014.

15. Investment in associates (cont'd)

The summarised financial information of the associates are as follows:

(a) Summarised statements of financial position

	Hebei Culture Communication Ltd. Chunyu Rainbow		Pelangi Multimedia Sdn. Bhd.	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-current assets	70,432	53,604	-	-
Current assets	1,389,486	1,034,571	-	20,000
Total assets	1,459,918	1,088,175	-	20,000
Current liabilities	1,373,459	1,237,735	-	6,045
Net assets/(liabilities)	86,459	(149,560)	-	13,955

(b) Summarised statements of comprehensive income

	Hebei Culture Communication Ltd. Chunyu Rainbow		Pelangi Multimedia Sdn. Bhd.	
	2015 RM	2014 RM	2015 RM	2014 RM
Revenue	927,101	1,712,965	-	-
Profit/(loss) before taxation	288,432	(433,765)	-	17,230
Profit/(loss) net of tax, representing total comprehensive profit/(loss) for the year	282,969	(433,765)	-	17,230

15. Investment in associates (cont'd)

(c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	Hebei Culture Communication Ltd. Chunyu Rainbow		Pelangi Multimedia Sdn. Bhd.	
	2015 RM	2014 RM	2015 RM	2014 RM
Net (liabilities)/assets as at 1 January	(149,560)	284,257	-	(3,275)
Currency translation reserve	(46,950)	(52)	-	-
Profit/(loss) for the year	282,969	(433,765)	-	17,230
Net assets/(liabilities) as at 30 September	86,459	(149,560)	-	13,955
Interest in associates	40%	40%	-	30%
Net tangible assets	34,584	(59,824)	-	4,187
Non-recognition of associate (profit)/loss as its share of losses exceed the Group's interest in the associate	(18,778)	59,825	-	(4,187)
Carrying value of Group's interest in associates	15,806	1	-	-

16. Other investments

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Club memberships	26,200	26,200	-	-
Available-for-sale financial asset:				
- Equity instruments				
Unquoted in Malaysia	1,000,000	-	1,000,000	-
Quoted in Malaysia	459	474	-	-
	1,026,659	26,674	1,000,000	-
Market value of quoted shares	459	474		

17. Intangible assets

Group	Goodwill RM	Development cost RM	Franchise Licence Fee RM	Total RM
Cost				
At 1 October 2014	1,266,752	559,847	-	1,826,599
Addition during the year	-	310,000	80,000	390,000
At 30 September 2015	1,266,752	869,847	80,000	2,216,599
Accumulated amortisation and impairment				
At 1 October 2014	1,266,752	559,847	-	1,826,599
Charge for the year (Note 7)	-	46,500	13,333	59,833
At 30 September 2015	1,266,752	606,347	13,333	1,886,432
Net carrying amount				
At 30 September 2015	-	263,500	66,667	330,167
At 30 September 2014	-	-	-	-

18. Inventories

	Group 2015 RM	Group 2014 RM
At cost		
Raw materials	9,424,249	9,525,281
Work in progress	146,318	73,421
Finished goods	23,904,346	22,016,150
	33,474,913	31,614,852
Cost of inventories recognised as an expense during the year	40,034,211	35,982,552

19. Trade and other receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Trade receivables				
Third parties	16,567,402	15,013,433	-	-
Less: Allowance for impairment	(2,478,708)	(3,145,123)	-	-
Trade receivables, net	14,088,694	11,868,310	-	-
Other receivables				
Amount due from subsidiaries	-	-	14,484,641	17,571,959
Amount due from associates	-	6,900	-	-
Refundable deposits	532,934	545,755	1,000	1,000
Sundry debtors	654,121	229,764	-	-
	1,187,055	782,419	14,485,641	17,572,959
Less: Allowance for impairment	(47,722)	(48,195)	-	-
	1,139,333	734,224	14,485,641	17,572,959
Total trade and other receivables	15,228,027	12,602,534	14,485,641	17,572,959
Add: Cash and bank balances (Note 20)	17,035,160	20,300,060	1,020,229	1,214,115
Total loans and receivables	32,263,187	32,902,594	15,505,870	18,787,074

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2014: 30 to 90 day) terms, although in practice, this may extend to 120 days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original certified or invoiced amounts which represent their fair values on initial recognition.

<u>Ageing analysis of trade receivables</u>

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

	2015	**2014**
	RM	**RM**
Neither past due nor impaired	2,899,120	2,675,725
1 to 30 days past due not impaired	2,146,351	2,172,717
31 to 60 days past due not impaired	2,254,825	1,020,124
61 to 90 days past due not impaired	2,008,553	1,651,347
91 to 120 days past due not impaired	2,101,992	1,976,598
More than 121 days past due not impaired	2,677,853	2,371,799
	11,189,574	9,192,585
Impaired	2,478,708	3,145,123
	16,567,402	15,013,433

19. Trade and other receivables (cont'd)

Trade receivables (cont'd)

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM11,189,574 (2014 : RM9,192,585) that are past due at the reporting date but not impaired and are not secured by any collateral or credit enhancements.

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

Receivables that are impaired

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

	Individually impaired	
	2015	**2014**
	RM	**RM**
Trade receivables - nominal amounts	11,100,160	9,871,480
Less: Allowance for impairment	(2,478,708)	(3,145,123)
	8,621,452	6,726,357

Movement in allowance accounts :

	2015	**2014**
	RM	**RM**
At 1 October	3,145,123	2,478,003
Charge for the year (Note 7)	299,472	960,936
Reversal of impairment loss on trade receivables (Note 7)	(492,843)	(464,032)
Exchange differences	(473,044)	170,216
At 30 September	2,478,708	3,145,123

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

19. Trade and other receivables (cont'd)

Related party balances

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

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

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

20. Cash and bank balances

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash on hand and at banks	14,983,811	16,287,352	1,020,229	214,115
Short term deposits with licensed banks	2,051,349	4,012,708	-	1,000,000
Cash and bank balances	17,035,160	20,300,060	1,020,229	1,214,115

Included in cash at banks is an amount of RM1,259,241 (2014 : RM3,747,734) held under the Investment Cash Management Trust for the investment of the Company's funds as a short term investment. There are no restrictions on the Company's funds.

The interest rates of short term deposits with licensed banks at the reporting date of the Group and the Company were between 3.05% to 3.3% (2014 : 1.5% to 3.2% per annum) and 3.2% (2014 : 3.2% per annum) respectively.

Short-term deposits with licensed banks of the Group amounting to RM200,000 (2014: RM200,000) are pledged to licensed bank for credit facilities granted to the subsidiary.

The average maturity of fixed deposits with licensed banks as at the end of the financial year of the Group and the Company ranged from 1 to 93 days (2014 : 1 to 93 days) and 12 days (2014 : 12 days) respectively.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date :

	Group	
	2015 RM	2014 RM
Cash and short term deposits	17,035,160	20,300,060
Less: Other deposits not for short-term funding requirements	(200,000)	(200,000)
Cash and cash equivalents	16,835,160	20,100,060

21. Loans and borrowings

	Maturity	Group 2015 RM	Group 2014 RM
Current			
Secured:			
Term loans	2016	1,291,547	576,681
Obligations under finance leases (Note 28 (d))	2016	503,581	227,934
		1,795,128	804,615
Non-current			
Secured:			
Term loans	2017 - 2030	13,965,264	1,754,008
Obligations under finance leases (Note 28 (d))	2016 - 2020	968,278	190,080
		14,933,542	1,944,088
Total loans and borrowings			
Secured:			
Term loans		15,256,811	2,330,689
Obligations under finance leases (Note 28 (d))		1,471,859	418,014
		16,728,670	2,748,703

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

	Group 2015 RM	Group 2014 RM
On demand or within one year	1,795,128	804,615
More than 1 year and less than 2 years	1,250,396	745,577
More than 2 years and less than 5 years	3,173,676	357,139
5 years or more	10,509,470	841,372
	16,728,670	2,748,703

Obligations under finance leases

These obligations are secured by a pledge over the leased assets (Note 12). The discount rates implicit in the leases are between 3.20% to 6.56% per annum (2014 : 2.11% to 6.54% per annum.).

Term loans

The interest rates (per annum) at the reporting date were as follows:

	Group 2015 %	Group 2014 %
Term loans	4.20 to 6.60	4.00 to 7.60

21. Loans and borrowings (cont'd)

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 13;

(b) Corporate guarantees by the Company.

The Group obtained a term loan amounting to RM13,950,000 during the year to part finance the acquisition of leasehold land and building as referred to in Note 12.

22. Trade and other payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Current				
Trade payables				
Third parties	6,946,078	2,590,168	-	-
Other payables				
Amount due to subsidiary companies	-	-	-	1,000,000
Amount due to directors	96,000	96,000	-	-
Accrued operating expenses	13,460,616	12,876,025	205,293	183,005
Other payables	1,404,999	15,301,388	1	26,000
	14,961,615	28,273,413	205,294	1,209,005
Total trade and other payables	21,907,693	30,863,581	205,294	1,209,005
Add: Loans and borrowings (Note 21)	16,728,670	2,748,703	-	-
Total financial liabilities carried at amortised cost	38,636,363	33,612,284	205,294	1,209,005

(a) Trade payables
This amount is non-interest bearing. Trade payables are normally settled on 30 to 90 day (2014 : 30 to 90 day) terms.

(b) Other payables
This amount is non-interest bearing.

(c) Amount due to directors
This amount is unsecured, non-interest bearing and repayable on demand.

(d) Amount due to subsidiary companies
This amount is unsecured, non-interest bearing and repayable on demand.

23. Deferred taxation

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

Group	As at 1 October 2013	Recognised in profit or loss (Note 10)	Exchange differences	As at 30 September 2014	Recognised in profit or loss (Note 10)	Exchange differences	As at 30 September 2015
	RM	RM	RM	RM	RM	RM	RM
Deferred tax liability of the Group:							
Property, plant and equipment	1,436,841	(226,062)	-	1,210,779	463,279	175	1,674,233
Witholding tax	-	-	-	-	510,689	-	510,689
	1,436,841	(226,062)	-	1,210,779	973,968	175	2,184,922
Deferred tax assets of the Group:							
Trade receivables	(489,500)	131,980	-	(357,520)	196,091	(24,188)	(185,617)
Other payables	(2,677,250)	(210,242)	8,976	(2,878,516)	178,557	(3,439)	(2,703,398)
Unutilised tax credits	(125,124)	125,124	-	-	-	-	-
	(3,291,874)	46,862	8,976	(3,236,036)	374,648	(27,627)	(2,889,015)
	(1,855,033)	(179,200)	8,976	(2,025,257)	1,348,616	(27,452)	(704,093)

23. Deferred taxation (cont'd)

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

	Group 2015 RM	Group 2014 RM
Unutilised tax losses	5,989,000	5,707,000
Unabsorbed capital allowances	319,000	238,000
Unabsorbed reinvestment allowances	5,586,000	5,301,000
	11,894,000	11,246,000

24. Share capital and treasury shares

	Group and Company			
	Number of ordinary shares of RM0.50 each	Amount		
Company	Share capital (Issued and fully paid)	Share capital (Issued and fully paid) RM	Treasury shares RM	Total RM
At 1 October 2014/ 30 September 2015	100,000,000	50,000,000	(1,407,602)	48,592,398

	Number of ordinary shares of RM0.50 each 2015	Number of ordinary shares of RM0.50 each 2014	Amount 2015 RM	Amount 2014 RM
Authorised share capital				
At 1 October and 30 September	200,000,000	200,000,000	100,000,000	100,000,000

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.

25. Other reserves

Fair value reserve

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

Foreign exchange reserve

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

26. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 30 September 2014 and 30 September 2015 under the single tier system.

27. Related party transactions

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Dividend income received from subsidiaries	-	-	1,200,000	1,200,000
Printing expenses from subsidiary:				
- Comtech Marketing Sdn. Bhd.	-	-	6,290	5,550
Rental expenses to director:				
- Sum Kown Cheek	69,600	57,600	-	-
Purchase of papers from related party:				
- New Top Win Corporation Sdn. Bhd.	9,101,470	10,244,686	-	-

28. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2015	2014
	RM	RM
Capital expenditure :		
Approved and contracted for :		
Property, plant and equipment	-	105,000

(b) Operating lease commitment - as lessee

The Group has entered into non-cancellable operating lease arrangements for the use of buildings. The leases have an average life of between 1 to 2 years.

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

	Group	
	2015	2014
	RM	RM
Future minimum rentals payments :		
Not later than 1 year	21,908	81,930
Later than 1 year and not later than 5 years	11,466	45,987
	33,374	127,917

(c) Operating lease commitment - as lessor

The Group has entered into operating lease arrangements on its investment property portfolio. The lease has remaining lease terms of less than 1 year.

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

	Group	
	2015	2014
	RM	RM
Not later than 1 year	2,908,800	375,300
Later than 1 year and not later than 5 years	2,471,300	1,052,100
	5,380,100	1,427,400

28. Commitments (cont'd)

(d) Finance lease commitments

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

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

	Group	
	2015	**2014**
	RM	**RM**
Minimum lease payments:		
Not later than 1 year	576,840	241,445
Later than 1 year but not later than 2 years	493,455	154,561
Later than 2 years but not later than 5 years	559,720	39,953
Total minimum lease payments	1,630,015	435,959
Less: Amounts representing finance charges	(158,156)	(17,945)
Present value of minimum lease payments	1,471,859	418,014
Present value of payments:		
Not later than 1 year	503,581	227,934
Later than 1 year but not later than 2 years	446,542	150,551
Later than 2 years but not later than 5 years	521,736	39,529
Present value of minimum lease payments	1,471,859	418,014
Less: Amount due within 12 months (Note 21)	(503,581)	(227,934)
Amount due after 12 months (Note 21)	968,278	190,080

29. Fair value of financial instruments

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

<u>Fair value hierachy</u>

The Group and the Company classify fair value measurement using a fair value hierarcy that reflects the significance of the inputs used in making the measurements.

29. Fair value of financial instruments (cont'd)

As at reporting date, the Group disclosed the fair value of the following financial assets:

	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
At 30 September 2015				
Financial assets				
Short term investments	459	459	-	-
Investment properties	3,485,000	-	-	3,485,000
	3,485,459	459	-	3,485,000
At 30 September 2014				
Financial assets				
Short term investments	474	474	-	-
Investment properties	2,945,000	-	-	2,945,000
	2,945,474	474	-	2,945,000

The valuation of investment properties are based on reference to open market values on an existing use basis.

During the reporting period ended 30 September 2015 and 2014 there were no transfers between the hierachy fair value measurement.

30. Financial risk management objectives and policies

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

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

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

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

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

(a) Credit risk

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

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

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

Financial assets that are neither past due nor impaired

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

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

(b) Liquidity risk

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

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

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

(b) Liquidity risk

Analysis of financial instruments by remaining contractual maturities

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

Group	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
2015				
Financial liabilities:				
Trade and other payables	21,907,693	-	-	21,907,693
Obligations under finance lease	576,840	1,053,175	-	1,630,015
Term loans	1,924,112	5,570,394	12,792,944	20,287,450
Total undiscounted financial liabilities	24,408,645	6,623,569	12,792,944	43,825,158
2014				
Trade and other payables	30,863,581	-	-	30,863,581
Obligations under finance lease	241,445	194,514	-	435,959
Term loans	654,760	985,240	813,476	2,453,476
Total undiscounted financial liabilities	31,759,786	1,179,754	813,476	33,753,016

Company	2015 On demand or within one year RM	2014 On demand or within one year RM
Financial liabilities:		
Other payables	205,294	1,209,005
Corporate guarantee given to financial institutions for banking facilities granted to subsidiaries	2,076,632	2,076,632
Total undiscounted financial liabilities	2,281,926	3,285,637

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

(c) Interest rate risk

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

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

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM111,434 (2014: RM14,592) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group's entities. The foreign currencies in which these transactions are denominated are mainly Singapore Dollars (“SGD”) and US Dollars ("USD"). The Group did not enter into any forward currency contracts during the financial years ended 30 September 2015 and 2014.

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

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

(d) Foreign currency risk (cont'd)

Sensitivity analysis of foreign exchange rate changes

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

		Profit net of tax Group	
		2015 RM	2014 RM
SGD/RM	- strengthened 3%	(15,832)	(33,993)
	- weakened 3%	15,832	33,993
USD/RM	- strengthened 3%	(129,679)	(161,778)
	- weakened 3%	129,679	161,778

31. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 September 2015 and 2014.

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

32. Segment Information

(a) Business segments

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

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

Other business segment includes rental and other investment income.

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

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

32. Segment Information (cont'd)

At 30 September 2015	Publishing and production RM	Printing RM	Education RM	Others RM	Eliminations RM	Total RM
Revenue:						
External customers	51,268,588	9,874,810	204,945	1,979,333	-	63,327,676
Inter-segment	3,631,797	4,102,014	48,164	3,314,114	(11,096,089)	-
Total revenue	54,900,385	13,976,824	253,109	5,293,447	(11,096,089)	63,327,676
Results:						
Segment results	13,627,116	1,204,392	(195,219)	1,034,832	-	5,671,121
Finance costs						(770,964)
Share of results of associates						34,584
Taxation						(2,052,708)
Net profit for the year						2,882,033
Assets:						
Segment assets	71,431,891	16,137,803	726,720	46,658,360	-	134,954,774
Investment in associates	-	-	-	15,806	-	15,806
						134,970,580
Liabilities:						
Segment liabilities	21,248,780	2,790,197	241,236	16,749,107	-	41,029,320

32. Segment Information (cont'd)

At 30 September 2014	Publishing and production RM	Printing RM	Education RM	Others RM	Eliminations RM	Total RM
Revenue:						
External customers	53,602,044	10,016,001	134,185	617,866	-	64,370,096
Inter-segment	4,576,077	3,804,185	104,072	2,260,920	(10,745,254)	-
Total revenue	58,178,121	13,820,186	238,257	2,878,786	(10,745,254)	64,370,096
Results:						
Segment results	7,787,810	844,088	(119,873)	104,972	-	8,616,997
Finance costs						(193,942)
Share of results of associates						(113,684)
Taxation						(3,346,544)
Net profit for the year						4,962,827
Assets:						
Segment assets	66,646,817	15,015,483	620,364	46,211,513	-	128,494,177
Investment in associates	-	-	-	1	-	1
						128,494,178
Liabilities:						
Segment liabilities	17,525,849	1,312,176	155,375	16,699,656	-	35,693,056

32. Segment Information (cont'd)

(b) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively.

	Revenues		Non-current assets	
	2015	2014	2015	2014
	RM	RM	RM	RM
Malaysia	54,676,596	55,461,868	64,381,032	61,229,156
Thailand	7,747,502	7,925,711	240,017	260,165
Indonesia	903,578	982,517	1,580,060	1,569,019
	63,327,676	64,370,096	66,201,109	63,058,340

33. Dividends

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Recognised during the financial year:				
Dividends on ordinary shares:				
- Final dividend for 2014: 2.00 sen (2013: 2.00 sen) per share	1,934,578	1,934,578	1,934,578	1,934,578
Proposed but not recognised as a liability as at 30 September:				
Dividends on ordinary shares, subject to shareholders' approval at the AGM:				
- Final dividend for 2015: 2.00 sen (2014: 2.00 sen) per share	1,934,578	1,934,578	1,934,578	1,934,578

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the financial year ended 30 September 2015 of 2.5% on 96,728,900 ordinary shares, amounting to a dividend payable of RM1,209,111 (1.25 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2016.

34. Subsequent events

On 28 December 2015, the Company proposed an establishment of an employees' share option scheme ("ESOS") of up to 15% of the issued and paid-up capital of the Company and proposed share buy-back of up to 10% of its issued and paid-up capital of the Company.

35. Authorisation of financial statements for issue

The financial statements for the year ended 30 September 2015 were authorised for issue in accordance with a resolution of the directors on 15 January 2016.

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

The breakdown of the retained profits of the Group and of the Company as at 30 September 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2012 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained profits				
- Realised	68,593,911	65,779,724	1,086,806	2,149,036
- Unrealised	1,214,782	2,025,257	-	-
	69,808,693	67,804,981	1,086,806	2,149,036
Associated companies				
Realised	(354,102)	(369,907)	-	-
	69,454,591	67,435,074	1,086,806	2,149,036
Less: Consolidation adjustments	(25,413,150)	(23,938,685)	-	-
Retained earnings as per financial statements	44,041,441	43,496,389	1,086,806	2,149,036

LIST OF PROPERTIES

The details of landed properties owned by the Group and the Company as at 30 September 2015 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 30/9/2015 (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	29	133,832	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	27	133,178	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	23	107,816	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	14	272,550	2001
	HS (M) 18909 PTD 14671 Lot 191 Mukim Of Petaling	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	22	94,113	1993

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 30/9/2015 (RM)	Date of Acquisition
PPSB […con't]	Lot 82 HS (D) 52815 PT 40964 Mukim of Bandar Baru Bangi	1 1/2 Storey Terrace Factory No. 8, Jalan P/18 Taman Industri Selaman, Seksyen 10 Bandar Baru Bangi 43650 Bangi, Selangor	Industrial	Lot size = 3,998 sq.ft. Built -up area = 5,059 sq. ft.	Leasehold Expiring on 19/08/2098	17	472,004	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	11	266,994	2004
	Mukim of Kajang Daerah Hulu Langat	Double Storey Terrace House Unit No: M068 Type - Impian, Seksyen 8 Bandar Baru Bangi	Residential	1,302 sq. ft.	Leasehold Expiring on 29/10/2101	11	168,232	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	18	84,599	1997
	Geran 31252 Lot 18369 Mukim of Sg. Pasir, Kedah	Single Storey Medium Cost Terrace House G319, Lorong 29 Taman Sejati Indah 08000 Sg. Petani, Kedah	Residential	1,302 sq. ft.	Freehold	16	59,883	1999

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 30/9/2015 (RM)	Date of Acquisition
PPSB […con't]	PN24102 Lot No:182456 Mukim Of Plentong	B01-02, Block B, The Oasis @ Bayu Puteri 3 Jalan Bayu Puteri 2 Taman Bayu Puteri 80150 Johor Bahru	Residential	1,172 sq. ft.	Leasehold expiring on 1/21/97	6	182,943	2010
	HSD457869 PTD202590 Mukim Of Plentong	Lot No:188475 GRN436574 Kawasan Perindustrial Mukim Plentong Daerah Johor Bahru	Industrial	44,433 sq. ft.	Freehold	-	1,370,680	2011
	PN49122 Lot No 24203 Mukim Of Petaling	Unit 6-6 (Type E) 8 Petaling Bandar Baru Seri Petaling Kuala Lumpur	Residential	2,024 sq. ft.	Leasehold expiring on 4/26/10	2	725,711	2014
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	18	745,392	1997
	K-8-25 Mukim of Kajang	Kenaria Condominium K-08-25, Taman Sri Taman Sri Kenari 2 Kajang, Selangor Selangor	Residential	850 sq. ft.	Leasehold Expiring on 11/04/2099	16	75,074	1999

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 30/9/2015 (RM)	Date of Acquisition
TPSB […con't]	Lot 81 Mukim of Kajang HS (D) 52816 PTD 40965	Terrace Factory Lot 81, 10 Jalan P/18 Taman Industri Selaman Seksyen 10, Bandar Baru Bangi, Selangor	Industrial	Lot size = 3,998 sq. ft. Built-up area =5,060 sq. ft.	Leasehold Expiring on 19/7/2098	19	249,140	1996
ECSB	HS (D) 196839 PTD 109167 Mukim of Plentong	Freehold Land Kawasan MIEL Bandar Baru Seri Alam Phase VIII Johor Bahru, Johor	Industrial	77,511 sq. ft.	Freehold	-	1,952,980	1997
CMSB	HSD 457870 PTD 202591 Mukim of Plentong	Freehold Land Lot No: 188476 GRN436575 Kawasan Perindustrial, Mukim Plentong, Daerah Johor Bahru	Industrial	42,959 sq. ft.	Freehold	-	1,369,199	2011
	HSD 457871 PTD 202592 Mukim of Plentong	Freehold Land Lot No: 188477 GRN436576 Kawasan Perindustrial, Mukim Plentong, Daerah Johor Bahru	Industrial	45,187 sq. ft.	Freehold	-	1,439,655	2011
PFSB	HS(D) 196765 PTD 109093 Mukim of Plentong	1 1/2 Storey Terrace Factory 16, Jalan Bukit 2 Kawasan MIEL, Seri Alam, 81750 Masai	Industrial	19,800 sq.ft.	Freehold	16	820,842	1999

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 30/9/2015 (RM)	Date of Acquisition
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	15	16,607,735	2000
	Hakmilik GRN 101356 Mukim of Tanjung Kupang	Freehold Land Lot 1216 Mukim Tanjung Kupang Johor Bahru, Johor	Industrial	109,449 sq.ft	Freehold	-	3,699,775	2013
	Hakmilik GRN 790 Mukim of Tanjung Kupang	Freehold Land Lot 569 Mukim Tanjung Kupang Johor Bahru, Johor	Industrial	65,887 sq. ft	Freehold	-	2,270,617	2013
	Hakmilik GRN 1371 Mukim of Tanjung Kupang	Freehold Land Lot 2111 Mukim Tanjung Kupang Johor Bahru, Johor	Industrial	74,951sq. ft	Freehold	-	2,568,114	2013
	HS (D) 162767 PTD 90018 Mukim of Plentong	Factory PLO 340, Jalan Perak 4 Kawasan Perindustrian Pasir Gudang 81700 Johor Bahru, Johor	Industrial	Lot size = 322,885 sq. ft. Built-up area =167,697 sq. ft.	Leasehold Expiring on 20/05/2050	26	16,008,592	2014
PTPPI	Jalur Sutera 38 G No.36	Office building Perumahan Alam Sutera, Kecamatan Serpong, Tangerang, Bantean	Commercial	24,600 sq. ft.	Leasehold Expiring on 7/24/47	2	1,350,250	2014

STATEMENT OF SHAREHOLDINGS

As at 26 January 2016

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

ANALYSIS OF SHAREHOLDINGS

Number of Holders	Holdings	Total Holdings	Percentage of Holdings
74	Less than 100	3,179	0.00
57	100 to 1,000	28,688	0.03
1,042	1,001 to 10,000	3,273,711	3.39
328	10,001 to 100,000	10,047,607	10.39
62	100,001 to less than 5% of issued shares	47,520,272	49.13
3	5% and above of issued shares	35,855,443	37.07
1,566		96,728,900*	100.00

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

THIRTY LARGEST SHAREHOLDERS

	Name of shareholder	Number of shares	Percentage of shares
1.	Datuk Sum Kown Cheek	23,355,443	24.15
2.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore For Yeoman 3-Rights Value Asia Fund	7,000,000	7.24
3.	United Logistics Sdn Bhd	5,500,000	5.69
4.	Chung Shan Kwang	4,675,000	4.83

5.	Fang Mei Sin	4,545,781	4.70
6.	Goh Kheng Jiu	4,000,000	4.14
7.	Sinar Qiqi Sdn. Bhd.	4,000,000	4.14
8.	Lai Swee Chiung	3,437,465	3.55
9.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN For DBS Bank LTD	2,722,600	2.81
10.	Lim Keh Kuan	1,910,000	1.97
11.	Datuk Sam Yuen @ Sam Chin Yan	1,589,762	1.64
12.	Yee Tan Fatt	1,216,775	1.26
13.	Lim Kah Eng	1,027,875	1.06
14.	Ang Hwi Lin	1,024,237	1.06
15.	Wong Sue Yin	940,000	0.97
16.	Tan Kim Chai	907,400	0.94
17.	Chin Khuan Meng	865,625	0.89
18.	Goh Pek Hen	682,500	0.71
19.	Lee Kheng Hon	653,665	0.68
20.	Lai Chin Heng	627,662	0.65
21.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd For Yeo Seng Chong	625,000	0.65
22.	Lau Siew Hin	606,900	0.63

23.	Tan Kim Chai	597,400	0.62
24.	Teh Hui Guan	575,500	0.59
25.	Chung Shan Meng	500,000	0.52
26.	Chung Soo Cheng	500,000	0.52
27.	Lee Wei Ling	500,000	0.52
28.	Cheah Swee Kit	492,500	0.51
29.	Sim How Chuang	476,250	0.49
30.	Sam Mok Sang	464,575	0.48

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 Interest	%	Deemed Interest	%
Datuk Sum Kown Cheek	23,355,443	24.15	3,437,465[(a)]	3.55
Datin Lai Swee Chiung	3,437,465	3.55	23,355,443[(a)]	24.15
United Logistics Sdn. Bhd.	5,500,000	5.69	–	–
Datuk Sam Yuen @ Sam Chin Yan	1,589,762	1.64	6,182,500[(b)]	6.39
Yeoman 3-Rights Value Asia Fund	–	–	7,000,000[(b)]	7.24
Yeoman Capital Management Pte Ltd	224,750	0.23	7,250,000[(b)]	7.50
Yeo Seng Chong	625,000	0.65	7,474,750[(b)]	7.73
Lim Mee Hwa	–		8,099,750[(c)]	8.37

(a) Deemed interested pursuant to Section 6A of the Companies Act, 1965.
(b) Deemed interested by virtue of its/his indirect interests in DB (Malaysia) Nominee (Asing) Sdn Bhd.
(c) Deemed interested by virtue of 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	%
Datuk Sum Kown Cheek	23,355,443	24.15	3,437,465[(a)]	3.55
Datuk Sam Yuen @ Sam Chin Yan	1,589,762	1.64	6,182,500[(a)]	6.39
Lee Kheng Hon	653,665	0.68	–	–
Syahriza Binti Senan	13,750	0.01	–	–
Vincent Wong Soon Choy	–	–	–	–
Teh Hui Guan	575,500	0.59	–	–

(a) Deemed interested pursuant to Section 134 and/or Section 6A of the Companies Act, 1965.

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 Fourteenth 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, 18 March, 2016** at **10.00 a.m.** and at any adjournment thereof.

The proportion of * my/our proxies are as follow:
(This paragraph should be completed only when two proxies are appointed)

First Proxy (1)______________________% Second Proxy (2)______________________%

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

NO.	RESOLUTION	FOR	AGAINST
1.	Approval of Final Dividend.		
2.	Approval of Directors' fees.		
3.	Re-election of Datuk Sam Yuen @ Sam Chin Yan as Director.		
4.	Re-election of Datuk Sum Kown Cheek as Director.		
5.	Re-appointment of Mr Lee Kheng Hon as Director.		
6.	Appoint Messrs SJ Grant Thornton Chartered Accountants as Auditors of the Company.		
7.	Authority to Allot Shares - Section 132D.		
8.	Approval the continuation of terms of office of Syahriza binti Senan as Independent Director.		
9.	Approval for the Proposed Renewal Shareholders' Mandate For Recurrent Related Parties Transactions.		

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

Dated this ______________________ day of ______________________ 2016.

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. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.

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 exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") , there is no limit to the number of proxies which the exempt authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

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

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

Please affix stamp

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