Company No. 63611 - U

PELIKAN INTERNATIONAL CORPORATION BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

31 December 2013

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Interim report for the financial year ended 31 December 2013
The figures have not been audited.

	Note	Individual Quarter 3 months ended 31/12/2013 RM' 000	Individual Quarter 3 months ended 31/12/2012 RM' 000 Restated	Cumulative Quarter Financial year ended 31/12/2013 RM' 000	Cumulative Quarter Financial year ended 31/12/2012 RM' 000 Restated
Revenue		324,236	328,137	1,442,904	1,601,203
Other operating income		6,388	7,467	28,774	47,574
Expenses excluding finance cost and tax		(336,279)	(387,690)	(1,446,866)	(1,674,061)
Finance cost		(5,542)	(7,021)	(22,272)	(25,811)
(Loss)/Profit before taxation		(11,197)	(59,107)	2,540	(51,095)
Taxation	B1	(3,026)	(854)	(15,658)	(16,377)
Loss for the financial period		(14,223)	(59,961)	(13,118)	(67,472)
Other comprehensive income/(loss):					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		10,145	2,263	18,146	(10,168)
Item that will not be reclassified subsequently to profit or loss:					
Actuarial gains on defined benefit plans		5,065	(44,657)	5,065	(43,616)
		15,210	(42,394)	23,211	(53,784)
Total comprehensive income/(loss) for the financial period		987	(102,355)	10,093	(121,256)
Total loss attributable to:					
Owners of the parent		(9,373)	(53,407)	(5,498)	(60,468)
Non-controlling interests		(4,850)	(6,554)	(7,620)	(7,004)
		(14,223)	(59,961)	(13,118)	(67,472)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		5,305	(95,648)	15,856	(113,476)
Non-controlling interests		(4,318)	(6,707)	(5,763)	(7,780)
		987	(102,355)	10,093	(121,256)
		sen	sen	sen	sen
Loss per share attributable to equity holders of the parent	B11	(1.85)	(10.47)	(1.08)	(11.94)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Interim report as at 31 December 2013
The figures have not been audited.

	Note	31/12/2013 RM'000	31/12/2012 RM'000 Restated	1/1/2012 RM'000 Restated
ASSETS				
Non-current assets				
Property, plant and equipment		481,655	480,912	559,637
Trademarks		16,529	15,004	15,017
Development costs		14,738	15,674	23,430
Goodwill		94,734	96,887	97,038
Computer software licence		2,848	1,238	2,268
Investment in associates		-	-	-
Available-for-sale financial assets		3,227	3,040	2,985
Pension Trust Fund		138,184	145,165	152,048
Deferred tax assets		29,759	26,916	35,333
		781,674	784,836	887,756
Current assets				
Inventories		282,960	291,783	370,272
Receivables, deposits & prepayments		309,862	332,635	406,430
Tax recoverable		3,468	4,580	1,824
Pension Trust Fund		12,680	17,345	19,448
Deposits, cash and bank balances		115,562	160,253	100,808
		724,532	806,596	898,782
TOTAL ASSETS		**1,506,206**	**1,591,432**	**1,786,538**
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital		512,796	512,796	512,796
Share premium		57,519	57,521	74,964
Foreign currency translation reserves		(66,167)	(82,456)	(73,064)
Retained profits		51,842	52,275	161,367
Treasury shares, at cost		(5,151)	(3,855)	(16,751)
		550,839	536,281	659,312
Non-controlling interests		7,997	14,333	22,378
Total equity		558,836	550,614	681,690
Non-current liabilities				
Post employment benefit obligations	B4			
- Removable pension liabilities		152,301	153,683	133,403
- others		93,458	105,841	94,513
Borrowings	B2	103,362	117,205	107,827
Deferred tax liabilities		26,540	28,137	38,006
		375,661	404,866	373,749
Current liabilities				
Payables		236,475	298,146	339,603
Post employment benefit obligations	B4			
- Removable pension liabilities		18,879	9,587	9,582
- others		10,766	10,676	11,213
Derivative liabilities		3,829	4,773	3,280
Provisions		127	90	189
Borrowings	B2	288,426	300,771	350,920
Current tax liabilities		13,207	11,909	16,312
		571,709	635,952	731,099
Total liabilities		947,370	1,040,818	1,104,848
TOTAL EQUITY AND LIABILITIES		**1,506,206**	**1,591,432**	**1,786,538**
Net assets per share attributable to owners of the parent (RM)		1.07	1.05	1.29

This Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Interim report for the financial year ended 31 December 2013
The figures have not been audited.

	Share Capital	Share premium	Foreign currency translation reserves (non distributable)	Retained profits (distributable)	Treasury shares, at cost (distributable)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
Balance at 1 January 2013	512,796	57,521	(82,456)	140,100	(3,855)	624,106	14,333	638,439
Effects of MFRS adoption disclosed in Note A2	-	-	-	(87,825)	-	(87,825)	-	(87,825)
As restated	512,796	57,521	(82,456)	52,275	(3,855)	536,281	14,333	550,614
Total comprehensive income/(loss) for the financial year	-	-	16,289	(433)	-	15,856	(5,763)	10,093
Transactions with owners:								
Purchase of own shares	-	-	-	-	(1,338)	(1,338)	-	(1,338)
Sale of own shares	-	(2)	-	-	42	40	-	40
Dividends	-	-	-	-	-	-	(573)	(573)
	-	(2)	-	-	(1,296)	(1,298)	(573)	(1,871)
Balance at 31 December 2013	512,796	57,519	(66,167)	51,842	(5,151)	550,839	7,997	558,836
Balance at 1 January 2012	512,796	74,964	(73,064)	204,188	(16,751)	702,133	22,378	724,511
Effects of MFRS adoption disclosed in Note A2	-	-	-	(42,821)	-	(42,821)	-	(42,821)
As restated	512,796	74,964	(73,064)	161,367	(16,751)	659,312	22,378	681,690
Total comprehensive loss for the financial year	-	-	(9,392)	(104,084)	-	(113,476)	(7,780)	(121,256)
Transactions with owners:								
Purchase of own shares	-	-	-	-	(4,547)	(4,547)	-	(4,547)
Dividends	-	(17,443)	-	(5,008)	17,443	(5,008)	(265)	(5,273)
	-	(17,443)	-	(5,008)	12,896	(9,555)	(265)	(9,820)
Balance at 31 December 2012	512,796	57,521	(82,456)	52,275	(3,855)	536,281	14,333	550,614

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Interim report for the financial year ended 31 December 2013
The figures have not been audited.

	Financial year ended	
	31/12/2013	**31/12/2012**
	RM' 000	**RM' 000**
Cash Flows From Operating Activities		
Cash receipts from customers	1,532,997	1,721,075
Cash paid to suppliers and employees	(1,472,395)	(1,626,192)
	60,602	94,883
Interest received	524	1,118
Interest paid	(13,501)	(9,733)
Taxation paid	(17,878)	(25,520)
Net cash from operating activities	29,747	60,748
Cash Flows From Investing Activities		
Interest paid	(9,669)	(14,794)
Purchase of property, plant and equipment	(24,244)	(20,664)
Proceeds from disposal of property, plant and equipment	18,919	16,979
Purchase of intangible assets	(681)	(421)
Proceeds from disposal of intangible assets	1,462	4
Development expenses paid	(3,180)	(2,481)
Proceeds from disposal of subsidiaries, net of cash balances and bank disposed off	-	75,334
Proceeds from disposal of available for sale financial assets	29	-
Proceeds from voluntary liquidation of a subsidiary	-	487
Proceeds from disposal of investment	-	10
Net cash (used in)/from investing activities	(17,364)	54,454
Cash Flows From Financing Activities		
Dividends paid	-	(5,008)
Deposits uplifted, net	18,707	(12,588)
Repurchase of own shares	(1,338)	(4,547)
Proceeds from sale of own shares	40	-
Drawdown of bank borrowings	219,549	388,824
Repayment of bank borrowings	(260,646)	(427,814)
Repayment of hire purchase and lease creditors	(560)	(534)
Net cash used in financing activities	(24,248)	(61,667)
Net (decrease)/increase in cash and cash equivalents during the financial year	(11,865)	53,535
Foreign currency translation	(17,565)	(5,767)
Cash and cash equivalents at beginning of financial year	133,667	85,899
Cash and cash equivalents at end of financial year	104,237	133,667
Cash and cash equivalents comprise :		
Cash and bank balances	112,591	138,574
Bank overdrafts	(8,354)	(4,907)
	104,237	133,667

This Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 2013

A1. Basis of Preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 31 December 2013 and has been prepared in accordance with applicable disclosure provisions of paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, Interim Financial Reporting in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group as at end of the financial year ended 31 December 2012.

A2. Significant Accounting Policies

The accounting policies applied by the Group in this interim financial report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of MFRS 119 Employee Benefits (revised) which was effective as of 1 January 2013.

Employee Benefits

The Group has adopted MFRS 119 Employee Benefits (revised) and applied this standard retrospectively during the current period.

As a result of MFRS 119 Employee Benefits (revised) adoption, actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. The expected returns on plan assets of defined benefit plans are not recognised in profit or loss and instead, the interest on net defined benefit obligation (net of the plan assets) is recognised in profit or loss, calculated using the discount rate used to measure the net pension obligation or asset.

In addition, the standard also introduced the inclusion of risk sharing elements in the determination of the defined benefit liability and clarifies that an entity should take mandatory employee contributions into account in the valuation of the present value of the defined benefit obligation. These contributions are regarded as a "negative benefit". The net benefit (the total benefit excluding future employee contributions) should therefore be attributed over the service period under the projected unit credit method.

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 2013

A2. Significant Accounting Policies (cont'd)

The impact arising from the change is summarised as follows:

(a) Condensed consolidated statements of financial position

	As previously reported RM'000	Effect of adoption of MFRS 119 RM'000	Restated RM'000
As at 1 January 2012			
Non-current liabilities			
Post employment benefit obligations			
Removable pension liabilities	151,548	(18,145)	133,403
Others	33,547	60,966	94,513
Equity attributable to owners of the parent			
Retained profits	204,188	(42,821)	161,367
As at 31 December 2012			
Non-current liabilities			
Post employment benefit obligations			
Removable pension liabilities	141,171	12,512	153,683
Others	30,528	75,313	105,841
Equity attributable to owners of the parent			
Retained profits	140,100	(87,825)	52,275

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 2013

A2. Significant Accounting Policies (cont'd)

(b) Condensed consolidated statement of comprehensive income

	As previously reported RM'000	Effect of adoption of MFRS 119 RM'000	Restated RM'000
Year ended 31 December 2012			
Expenses excluding finance cost and tax	(1,672,673)	(1,388)	(1,674,061)
Loss before taxation	(49,707)	(1,388)	(51,095)
Loss for the financial year	(66,084)	(1,388)	(67,472)
Actuarial losses on defined benefit plans	-	(43,616)	(43,616)
Total comprehensive loss for the financial year	(76,252)	(45,004)	(121,256)

There was no material impact on the Group's condensed consolidated statement of cash flows.

A3. Report of the Auditors to the Members

The report of the auditors on the annual financial statements for the financial year ended 31 December 2012 was not subject to any qualification and did not include any adverse comments made under subsection (3) of Section 174 of the Companies Act, 1965.

A4. Seasonality or Cyclicality of Interim Operations

The Group's traditional business dealing with stationery, especially for school and office, was affected by the "back to school" season in Europe which normally records higher sales in mid year. The business of Herlitz AG ("Herlitz") generates better results towards the second half of the year. Sales of the Group's printer consumable products such as inkjet and toner cartridges, thermal transfer, office media and impact cartridges, are generally not influenced by seasonal fluctuation.

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 2013

A5. Exceptional and/or Extraordinary Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no exceptional and/or extraordinary items affecting assets, liabilities, equity, net income or cash flows for the current quarter ended 31 December 2013.

A6. Material Effect of Changes in Estimates of Amounts Reported in the Prior Interim Periods of the Current Financial Year or Prior Financial Years

There was no material changes in estimates of amounts reported in the prior interim periods of the current financial year or prior financial years.

A7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current quarter ended 31 December 2013.

A8. Dividends

No dividends have been paid during the current quarter ended 31 December 2013.

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 2013

A9. Segment Information

	Germany RM'000	Switzerland RM'000	Italy RM'000	Rest of Europe RM'000	Americas RM'000	Rest of world RM'000	Elimination RM'000	Group RM'000
12 months ended 31 December 2013								
External revenue	785,469	102,383	36,452	260,189	196,869	61,542	-	1,442,904
Intersegment revenue	585,308	44,904	307	58,025	11,410	86,086	(786,040)	-
	1,370,777	147,287	36,759	318,214	208,279	147,628	(786,040)	1,442,904
Segment result	8,212	2,239	(4,822)	(10,663)	36,387	12,907	(19,448)	24,812
3 months ended 31 December 2013								
External revenue	169,271	26,549	6,695	56,609	48,043	17,069	-	324,236
Intersegment revenue	125,401	8,963	120	11,120	2,159	18,404	(166,167)	-
	294,672	35,512	6,815	67,729	50,202	35,473	(166,167)	324,236
Segment result	(12,073)	2,991	(2,063)	(2,614)	13,170	4,056	(9,122)	(5,655)

Germany

The German economic growth accelerated to 0.4% in the fourth quarter of 2013 up from 0.3% in the previous three-month period. This positive development had improved consumer sentiment as evident from the increase in the level and size of orders from customers, in particular the school products.

As compared to the revenue of the previous year's corresponding quarter, the sales development of the school products has been positive, with bulk of the variances coming from product rationalisation efforts in 2012 such as cessation of the private label filing business (approximately RM13.1 million) from the sale of the Herlitz plants, presentation and high end office equipments and other product rationalisations undertaken in 2012.

Despite an overall lower external sales of RM8.7 million as compared to the previous year's corresponding quarter, there was improvement to the segment loss from RM32.7 million in the previous year's corresponding quarter to RM12.1 million in the current quarter as a result of the positive impact from the reorganisation of operations in previous years and also lower reorganisation expenses incurred.

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 2013

A9. Segment Information (cont'd)

Switzerland

The Swiss market concentrated mainly in printer consumables business. Increased sales, as a result of improved Swiss Franc against Ringgit Malaysia, coupled with reduction in staff costs of approximately RM7.8 million had resulted in the improved segment result as compared to the previous year's corresponding quarter.

Italy

Italy's gross domestic product slightly increased after nine months of negative or zero growth in the country's longest post war recession that ended in the third quarter with flat GDP. The Italian economy expanded 0.1% percent in the last three months of 2013 as compared to the third quarter. Although the Italian economy has finally emerged from recession, the overall economic environment is still generally weak and is continuing to affect consumer sentiment and spending. The segment sales and results, as a consequence was still lower than the previous year's corresponding quarter.

Rest of Europe

The contribution in revenue from all other European countries, except Germany, Switzerland and Italy, represents 18.0% of the Group's total revenue. The overall segment sales were relatively around the same levels as compared to the previous year's corresponding quarter, with positive development in France, which was in line with the growth uptick of 0.3% in the current quarter.

Overall segment result has achieved a segment loss of RM2.6 million in the current quarter.

Americas

The segment revenue from Americas, which represents Mexico, Colombia and Argentina, generated higher sales by 6.9% as compared to the previous year's corresponding quarter. Despite the economic slowdown in the second half of the year, Mexico and Argentina sales improved as compared to the previous year's corresponding quarter, in particular the school and office product segment. The segment results improved as compared to the previous year's corresponding quarter mainly due to the improved sales and better production efficiencies and cost measure undertaken in the region.

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 2013

A9. Segment Information (cont'd)

Rest of the World

Rest of the world which comprise 4.3% of the Group's revenue consist mainly countries such as Japan, South East Asia and Middle East. There was slight improvement in sales in the current quarter as compared to the previous year's quarter. However, the sales in this region are still affected by the trade sanctions, political instability and economic crisis within the Middle Eastern countries.

A10. Valuation of Property, Plant and Equipment

There were no valuations of property, plant and equipment during the current quarter ended 31 December 2013.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 December 2013.

A12. Events Subsequent to the End of the Reporting Period

There are no events subsequent to the financial year ended 31 December 2013.

A13. Contingent Liabilities

(a) In the ordinary course of business, the business of PHH and Geha groups (dealing with manufacturing and distribution of hardcopy related products and printer consumables such as inkjet and toner cartridges, thermal transfer, office media and impact cartridges, hereinafter referred to as the "Hardcopy business") is involved in several lawsuits. In particular, the Group has several large legal claims brought by Original Equipment Manufacturers ("OEM") for perceived breach of patents with an assessed potential maximum exposure of EUR17.2 million (RM77.7 million). The Group is of the view that litigation matters are an inherent part of the Hardcopy business. Historically, the Group has been successful in defending most cases and management remains confident that the Group's exposure to these claims can be reduced or can successfully be defended. In the opinion of the management, the lawsuits, claims and proceedings which are pending against the Group will not have a material effect on the Group's financial statements.

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 2013

A13. Contingent Liabilities (cont'd)

(b) Based on the latest actuaries assumptions as at 31 December 2013, the Company's wholly owned subsidiary Pelikan Hardcopy Scotland Limited ("PHSL")'s retirement fund has GBP24.2 million (RM131.3 million) assets to meet pension liabilities of GBP33.6 million (RM182.3 million). An amount of GBP9.4 million (RM51.0 million) has been recognised as a pension liability in the financial statements of PHSL as at 31 December 2013 in accordance with the MFRS 119 Employee Benefits (revised).

The Group believes that the operational cash flow of the Group and the assets in the retirement fund of PHSL are sufficient to meet the payouts of the retirement scheme in the foreseeable future.

B. Additional Information Required by the Bursa Malaysia Securities Berhad's Listing Requirements

B1. Taxation

	3 months ended		Financial year ended	
	31/12/13	31/12/12	31/12/13	31/12/12
	RM'000	RM'000	RM'000	RM'000
Taxation charged in respect of current financial period				
- income tax	(7,297)	(3,762)	(20,130)	(17,819)
- deferred tax	4,271	2,908	4,472	1,442
	(3,026)	(854)	(15,658)	(16,377)

The Group's effective tax rate is higher than the statutory income tax rate in Malaysia mainly due to non-availability of group relief where subsidiaries with taxable profits cannot utilise the unutilised losses of other subsidiaries.

B2. Borrowings

Details of the Group's borrowings as at 31 December 2013 are as set out below:

	Short Term		Long Term		Total
	Secured	Unsecured	Secured	Unsecured	
Currency	RM'000	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	61,102	16,454	91,799	-	169,355
Euro	29,016	11,531	2,116	-	42,663
Swiss Franc	122	-	5,656	-	5,778
US Dollar	67,746	86,636	576	-	154,958
Czech Koruna	-	102	-	-	102
Mexican Peso	-	5,576	-	-	5,576
Great Britain Pound	11	771	-	1,444	2,226
Singapore Dollar	18	-	3	-	21
Colombian Peso	655	2,655	1,768	-	5,078
Argentine Peso	3,519	2,042	-	-	5,561
Japanese Yen	-	470	-	-	470
Total	162,189	126,237	101,918	1,444	391,788

B. Additional Information Required by the Bursa Malaysia Securities Berhad's Listing Requirements

B3. Material Litigation

In the ordinary course of business, the business of PHH and Geha groups (dealing with manufacturing and distribution of hardcopy related products and printer consumables such as inkjet and toner cartridges, thermal transfer, office media and impact cartridges, hereinafter referred to as the "Hardcopy business") is involved in several lawsuits. In particular, the Group has several large legal claims brought by Original Equipment Manufacturers ("OEM") for perceived breach of patents with an assessed potential maximum exposure of EUR17.2 million (RM77.7 million). The Group is of the view that litigation matters are an inherent part of the Hardcopy business. Historically, the Group has been successful in defending most cases and management remains confident that the Group's exposure to these claims can be reduced or can successfully be defended. In the opinion of the management, the lawsuits, claims and proceedings which are pending against the Group will not have a material effect on the Group's financial statements.

B4. Post employment benefit obligation

	RM'000
Payable within 12 months	29,645
Payable after 12 months	245,759
	275,404
Removable Pension Liabilities:	
Liabilities assumed by Pension Trust Fund	106,093
Liabilities assumed by the Company	65,087
	171,180
Other pension liabilities of the Group	104,224
	275,404

Pursuant to the acquisitions of Pelikan Holding AG group ("PHAG group") in 2005, part of the defined benefits retirement plans of the PHAG group in Germany (known as "Removable Pension Liabilities") is now funded by an external Pension Trust Fund created for this purpose, whilst the Company is assuming the balance of the said Removable Pension Liabilities fixed in Ringgit Malaysia as at the completion date of the acquisitions of PHAG group. If the assets in the Pension Trust Fund are capable of paying the entire Removable Pension Liabilities, the Removable Pension Liabilities assumed by the Company will be relinquished.

B. Additional Information Required by the Bursa Malaysia Securities Berhad's Listing Requirements

B5. Capital commitments

Capital commitments not provided for in the financial statements as at 31 December 2013 were as follows:

	RM'000
Authorised and contracted for:	
Property, plant and equipment	1,926
Authorised but not contracted for:	
Property, plant and equipment	589

B6. Review of Performance

The Group achieved revenue of RM324.2 million in the current quarter as opposed to RM328.1 million in the previous year's corresponding quarter, a decline of 1.2%. The reduction was mainly attributable to the effects of the sales of the filing plants and private label filing business in 2012 of which approximately RM13.1 million sales were no longer consolidated in the current quarter comparatively. Despite the drop in revenue, the operations fared better in the current quarter as compared to the previous year's corresponding quarter.

On a full year basis, the Group has achieved an operating profit of RM24.8 million which is an improvement of RM50.1 million against last year's operating loss position. The significant improvement was a resultant of a turnaround of the Pelikan European key operations which has undergone structural, business channels and product level restructuring in 2012. The restructurings had resulted in better operating performance and lower cost base which had improved overall margin.

B7. Variation of results against preceding quarter

In the current quarter, the Group's revenue decrease to RM324.2 million as compared to RM406.0 million in the preceding quarter, as a result of the slowdown of sales in the European markets subsequent to the "back to school" season.

The Group recorded a loss before tax of RM11.2 million in the current quarter. The losses are mainly attributable to the lower margin contribution due to the lower sales value in the last quarter of the year.

B. Additional Information Required by the Bursa Malaysia Securities Berhad's Listing Requirements

B8. Prospects

The overall global economy is expected to pick up pace in 2014. The German economy which is the largest market for the Group is expected to grow at a rate of 1.6% in 2014, whilst Mexico is expected to recover from a slowdown in 2013 to a growth of 3%. Notwithstanding improvements in the general economy of the Group's key operating countries, the markets shall continue to be challenging as consumers and business remains cautious on spending and expansions.

The Group had in the past two years reorganised its key operating companies in particular in the European region and had also finalised the integration of the stationery business of Pelikan Germany and Herlitz Germany as a major milestone in completing its reorganisation in the European region. This shall provide a good path for the Group to further strengthen its European business in particular the German business where it is able to better deploy resources and serve its customers under the new merged organisation.

Barring any unforeseen circumstances and the challenges continued to be faced by the Group, the Group expects the performance to improve in line with the improvement in the economies as a whole. The previous structural and product reorganisations are also expected to contribute positively to the performance and the Group shall focus to improve sales, enhance marketing activities and market expansion to low represented areas in Latin America region and also Asia region.

B9. Dividend

The Board of Directors does not recommend any dividend for the current financial year.

B10. Variance on Profit Forecast / Shortfall in Profit Guarantee

Not applicable.

B. Additional Information Required by the Bursa Malaysia Securities Berhad's Listing Requirements

B11. Earnings per share

		3 months ended		Financial year ended	
		31/12/13	**31/12/12 Restated**	**31/12/13**	**31/12/12 Restated**
Loss for the financial period attributable to equity holders of the parent:	(RM'000)	(9,373)	(53,407)	(5,498)	(60,468)
Weighted average number of ordinary shares in issue	('000)	512,796	512,796	512,796	512,796
Shares repurchased	('000)	(5,018)	(2,556)	(4,257)	(6,350)
Shares reissued	('000)	90	-	29	-
		507,868	510,240	508,568	506,446
Loss per share:	(sen)	(1.85)	(10.47)	(1.08)	(11.94)

B12. Additional notes to the Statement of Comprehensive Income

	3 months ended		Financial year ended	
	31/12/13	**31/12/12**	**31/12/13**	**31/12/12**
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period is arrived at after charging / (crediting):				
Interest income	(203)	(274)	(524)	(1,118)
Interest expense	5,542	7,021	22,272	25,811
Depreciation and amortisation	9,757	14,259	43,756	52,773
Impairment loss on receivables	2,205	403	5,066	1,887
(Reversal of inventories write down)/Inventories write down	(423)	4,257	563	7,774
(Gain)/Loss on disposal of				
- Property, plant and equipment	(12)	2,489	(6,901)	2,330
- Investment in subsidiaries	-	-	-	(21,151)
Foreign exchange (gain)/loss	(5,358)	(9,667)	(3,036)	(10,939)

B. Additional Information Required by the Bursa Malaysia Securities Berhad's Listing Requirements

B13. Derivative Liabilities

	Contract/ Notional amount EUR'000	Liabilities RM'000
Interest rate swap	10,000	3,829

The Group has entered into interest rate swap contract with a total of EUR10 million resulting in an exchange of floating for fixed interest rates from fiscal year 2012 to hedge exposure to movements in interest rate on a financing transaction. For a period of 5 years, the variable interest rate is exchanged on the basis of the 3-month Euribor interest at 3.15%. The fair value of interest rate swap contracts is determined by reference to market values of similar instruments.

B14. Realised and Unrealised Profits/(Losses) Disclosure

	As at 31/12/13 RM'000	As at 31/12/12 RM'000 Restated
Total retained profits of the Company and its subsidiaries:		
- Realised profit	52,773	65,083
- Unrealised loss	(2,602)	(11,471)
	50,171	53,612
Total share of accumulated losses from associates:		
- Realised loss	-	(349)
- Unrealised profit	-	49
	-	(300)
Add : Consolidation adjustments	1,671	(1,037)
Total retained profits as per Statement of Financial Position	51,842	52,275