

Company No. 63611 - U

PELIKAN INTERNATIONAL CORPORATION BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

31 March 2015

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Interim report for the financial period ended 31 March 2015
The figures have not been audited.

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial period ended	
		31/3/2015 RM' 000	31/3/2014 RM' 000	31/3/2015 RM' 000	31/3/2014 RM' 000
Revenue		282,006	312,574	282,006	312,574
Other operating income		5,714	9,196	5,714	9,196
Expenses excluding finance cost and tax		(290,939)	(323,351)	(290,939)	(323,351)
Finance cost		<u>(5,437)</u>	<u>(5,185)</u>	<u>(5,437)</u>	<u>(5,185)</u>
Loss before taxation		(8,656)	(6,766)	(8,656)	(6,766)
Taxation	B1	<u>(4,672)</u>	<u>(3,684)</u>	<u>(4,672)</u>	<u>(3,684)</u>
Loss for the financial period		(13,328)	(10,450)	(13,328)	(10,450)
Other comprehensive loss: Item that may be reclassified subsequently to profit or loss: Exchange differences on translation of foreign operations		<u>(32,013)</u>	<u>(8,035)</u>	<u>(32,013)</u>	<u>(8,035)</u>
Total comprehensive loss for the financial period		<u><u>(45,341)</u></u>	<u><u>(18,485)</u></u>	<u><u>(45,341)</u></u>	<u><u>(18,485)</u></u>
Total (loss)/profit attributable to:					
Owners of the parent		(10,716)	(11,198)	(10,716)	(11,198)
Non-controlling interests		<u>(2,612)</u>	<u>748</u>	<u>(2,612)</u>	<u>748</u>
		<u><u>(13,328)</u></u>	<u><u>(10,450)</u></u>	<u><u>(13,328)</u></u>	<u><u>(10,450)</u></u>
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(41,059)	(18,633)	(41,059)	(18,633)
Non-controlling interests		<u>(4,282)</u>	<u>148</u>	<u>(4,282)</u>	<u>148</u>
		<u><u>(45,341)</u></u>	<u><u>(18,485)</u></u>	<u><u>(45,341)</u></u>	<u><u>(18,485)</u></u>
		sen	sen	sen	sen
Loss per share attributable to equity holders of the parent	B11	(1.95)	(2.20)	(1.95)	(2.20)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 March 2015

The figures have not been audited.

	Note	31/3/2015 RM'000	31/12/2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		422,774	433,650
Trademarks		14,685	15,515
Development costs		5,969	6,905
Goodwill		85,801	97,832
Computer software licence		5,518	4,858
Investment in associates		-	-
Available-for-sale financial assets		2,477	2,615
Pension Trust Fund		138,184	138,184
Deferred tax assets		41,102	43,048
		<u>716,510</u>	<u>742,607</u>
Current assets			
Inventories		288,061	272,270
Receivables, deposits & prepayments		312,654	338,755
Tax recoverable		3,295	3,059
Pension Trust Fund		12,680	12,680
Deposits, cash and bank balances		61,682	73,635
		<u>678,372</u>	<u>700,399</u>
TOTAL ASSETS		<u>1,394,882</u>	<u>1,443,006</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		553,296	553,296
Share premium		65,591	65,591
Foreign currency translation reserves		(136,329)	(105,986)
Equity-settled employee benefits		226	226
Accumulated losses		(31,821)	(21,105)
Treasury shares, at cost		(5,150)	(5,150)
		<u>445,813</u>	<u>486,872</u>
Non-controlling interests		(300)	3,982
Total equity		<u>445,513</u>	<u>490,854</u>
Non-current liabilities			
Post employment benefit obligations	B4		
- Removable pension liabilities		163,962	173,852
- others		100,659	99,548
Borrowings	B2	94,127	87,209
Deferred tax liabilities		17,451	18,371
		<u>376,199</u>	<u>378,980</u>
Current liabilities			
Payables		227,467	222,516
Post employment benefit obligations	B4		
- Removable pension liabilities		14,025	17,628
- others		8,351	8,822
Derivative liabilities		2,564	2,989
Borrowings	B2	297,190	293,507
Current tax liabilities		23,573	27,710
		<u>573,170</u>	<u>573,172</u>
Total liabilities		<u>949,369</u>	<u>952,152</u>
TOTAL EQUITY AND LIABILITIES		<u>1,394,882</u>	<u>1,443,006</u>
Net assets per share attributable to owners of the parent (RM)		0.81	0.88

This Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 period ended 31 March 2015
 The figures have not been audited.

	Share Capital	Share premium	Foreign currency translation reserves (non distributable)	Equity-settled employee benefits (non distributable)	(Accumulated losses)/ 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	RM' 000
Balance at 1 January 2015	553,296	65,591	(105,986)	226	(21,105)	(5,150)	486,872	3,982	490,854
Total comprehensive loss for the financial period	-	-	(30,343)	-	(10,716)	-	(41,059)	(4,282)	(45,341)
Balance at 31 March 2015	<u>553,296</u>	<u>65,591</u>	<u>(136,329)</u>	<u>226</u>	<u>(31,821)</u>	<u>(5,150)</u>	<u>445,813</u>	<u>(300)</u>	<u>445,513</u>
Balance at 1 January 2014	512,796	57,519	(75,757)	-	55,836	(5,150)	545,244	6,921	552,165
Total comprehensive (loss)/income for the financial period	-	-	(7,435)	-	(11,198)	-	(18,633)	148	(18,485)
Balance at 31 March 2014	<u>512,796</u>	<u>57,519</u>	<u>(83,192)</u>	<u>-</u>	<u>44,638</u>	<u>(5,150)</u>	<u>526,611</u>	<u>7,069</u>	<u>533,680</u>

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 2014 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 period ended 31 March 2015
The figures have not been audited.

	Financial period ended	
	31/3/2015 RM' 000	31/3/2014 RM' 000
Cash Flows From Operating Activities		
Cash receipts from customers	279,414	274,946
Cash paid to suppliers and employees	<u>(270,739)</u>	<u>(311,109)</u>
	8,675	(36,163)
Interest received	251	154
Interest paid	(3,563)	(3,336)
Taxation paid	<u>(8,379)</u>	<u>(5,320)</u>
Net cash used in operating activities	<u>(3,016)</u>	<u>(44,665)</u>
Cash Flows From Investing Activities		
Interest paid	(1,866)	(1,835)
Purchase of property, plant and equipment	(11,122)	(3,794)
Proceeds from disposal of property, plant and equipment	429	3,273
Purchase of intangible assets	(727)	(81)
Development expenses paid	(142)	(230)
Proceeds from disposal of subsidiaries, net of cash balances and bank disposed off	-	5,992
Net cash (used in)/from investing activities	<u>(13,428)</u>	<u>3,325</u>
Cash Flows From Financing Activities		
Drawdown of bank borrowings	69,988	49,390
Repayment of bank borrowings	(62,114)	(58,935)
Repayment of hire purchase and lease payables	<u>(44)</u>	<u>(344)</u>
Net cash from/(used in) financing activities	<u>7,830</u>	<u>(9,889)</u>
Net decrease in cash and cash equivalents during the financial period	(8,614)	(51,229)
Foreign currency translation	(13)	(6,220)
Cash and cash equivalents at beginning of financial period	<u>60,080</u>	<u>103,099</u>
Cash and cash equivalents at end of financial period	<u><u>51,453</u></u>	<u><u>45,650</u></u>
Cash and cash equivalents comprise :		
Deposits, cash and bank balances	61,682	53,191
Bank overdrafts	<u>(4,962)</u>	<u>(4,570)</u>
	56,720	48,621
Less: Deposits pledged to licensed banks	<u>(5,267)</u>	<u>(2,971)</u>
	<u><u>51,453</u></u>	<u><u>45,650</u></u>

This Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

**A. Notes to the Interim Financial Report
For the first quarter and financial period ended 31 March 2015**

A1. Basis of Preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 31 March 2015 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 2014.

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 2014.

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 2014 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 Cyclicity 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. 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.

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 March 2015.

A6. Material Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the quarter ended 31 March 2015.

**A. Notes to the Interim Financial Report
For the first quarter and financial period ended 31 March 2015**

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 March 2015.

A8. Dividends

No dividends have been paid during the current quarter ended 31 March 2015.

A9. Segment Information

	Germany RM'000	Switzerland RM'000	Rest of Europe RM'000	Americas RM'000	Rest of world RM'000	Elimination RM'000	Group RM'000
31 March 2015							
External revenue	126,126	32,919	51,254	56,455	15,252	-	282,006
Intersegment revenue	<u>110,252</u>	<u>14,893</u>	<u>14,091</u>	<u>3,604</u>	<u>30,129</u>	<u>(172,969)</u>	<u>-</u>
	<u>236,378</u>	<u>47,812</u>	<u>65,345</u>	<u>60,059</u>	<u>45,381</u>	<u>(172,969)</u>	<u>282,006</u>
Segment result	<u>(14,069)</u>	<u>9,652</u>	<u>(824)</u>	<u>10,896</u>	<u>(5,077)</u>	<u>(3,797)</u>	<u>(3,219)</u>

Germany

The German segment which represents 44.7% of the Group's revenue showed a decrease in revenue of RM30.8 million (19.6%) as compared to previous year's corresponding quarter. The total sales in this segment is lower than the previous year's corresponding quarter mainly due to weakened foreign exchange rate in Euro, which resulted in lower translated sales in the current quarter. The Euro exchange rate against Ringgit Malaysia had weakened by 9.8% as compared to previous year's corresponding quarter. The economic issues in export markets such as Russia also impacted sales for the current quarter.

The segment loss increased as compared to the previous year's corresponding quarter mainly attributable to the lower margin contribution due to lower sales value in the current quarter and the recognition of the gain on disposal of a subsidiary in the month of March 2014.

**A. Notes to the Interim Financial Report
For the first quarter and financial period ended 31 March 2015**

A9. Segment Information (cont'd)

Switzerland

The Swiss market concentrated mainly in printer consumables business. The positive development of Swiss Franc against Ringgit Malaysia and other foreign currencies had resulted in increased sales and improvement of segment results in the current quarter.

Rest of Europe

The contribution in revenue from all other European countries, except Germany and Switzerland, represents 18.2% of the Group's total revenue. In the current quarter, the effects of cessation of sales in Nordic, coupled with the weakening of the Euro currency against Ringgit Malaysia by 9.8% as compared to previous year's corresponding quarter has resulted in the overall decrease in the translated revenues.

Nevertheless, product contributions were higher and the cost base of this region was relatively lower as compared to the previous year's corresponding quarter thus resulted in the reduction of segment loss to RM0.8 million in the current quarter.

Americas

The segment revenue from Americas, which represents Mexico, Colombia and Argentina, generated higher sales by 7.2% as compared to the previous year's corresponding quarter. This segment has achieved a good revenue growth in particular for school and office product segment as the brand is well established in the market. The introduction of new products and special promotions for customers had resulted in increased demand from key customers.

The region had achieved segment results of RM10.9 million in the current quarter.

Rest of the World

Rest of the world which comprise 5.4% of the Group's revenue consist mainly countries such as Japan, South East Asia and Middle East. These markets are relatively stable and growing albeit its small percentage over the total sales of the Group.

The effects of foreign exchange continue to be unfavourable in the current quarter due to the weakened RM against USD in particular, wherein the region incurred additional translation losses. As a consequence, the region recorded a segment loss of RM5.1 million in the current quarter.

**A. Notes to the Interim Financial Report
For the first quarter and financial period ended 31 March 2015**

A10. Valuation of Property, Plant and Equipment

There were no valuations of property, plant and equipment during the current quarter ended 31 March 2015.

A11. Changes in the Composition of the Group

There were no other changes in the composition of the Group during the current quarter ended 31 March 2015.

A12. Events Subsequent to the End of the Reporting Period

Other than those stated in Note A14, there were no other event subsequent to the financial period ended 31 March 2015.

A13. Contingent Liabilities

- (a) In the ordinary course of business, the business of Pelikan Hardcopy Holding AG and German Hardcopy AG 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 EUR6.0 million (RM24.1 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.
- (b) Based on the latest actuaries assumptions as at 31 December 2014, Pelikan Hardcopy Scotland Limited’s (“PHSL”) retirement fund has GBP25.7 million (RM141.4 million) assets to meet its estimated pension liabilities of GBP38.0 million (RM209.1 million). An amount of GBP12.3 million (RM67.7 million) has been recognised as a pension liability of the Group for the financial period ended 31 March 2015 in accordance with the MFRS 119 Employee Benefits.

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

**A. Notes to the Interim Financial Report
For the first quarter and financial period ended 31 March 2015**

A14. Corporate Proposals

On 8 July 2014 (“**Initial Announcement**”), the Board of Directors (“**Board**”) of the Company had announced its intention to undertake a streamlining of its key subsidiaries and selected assets via its listed entity Pelikan AG (formerly known as Herlitz Aktiengesellschaft), a 71.32% subsidiary of the Company. Pelikan AG is listed on the Frankfurt Stock Exchange.

On 11 November 2014, the Board had announced that the Company, Pelikan Holding AG (“**PHAG**”), a 96.64% subsidiary of the Company, Pelikan Netherlands B.V., a 100% subsidiary of PHAG (“**PNBV**”) and MOLKARI Vermietungsgesellschaft mbH & Co. Objekt Falkensee KG, a 98.54% subsidiary of Pelikan (“**Molkari**”) had on 10 November 2014 entered into a Heads of Agreement (“**HoA**”) with Pelikan AG to agree on the assets to be contributed, its valuation of EUR231.22 million and offering structure.

The final size of proposed offering are as follows:-

- (a) the issuance of up to 32,867,765 new Pelikan AG Shares against cash contribution at a minimum issue price of EUR1.00 per share; and
- (b) the offer for sale of up to 60,000,000 new Pelikan AG Shares received by the Contributors from the Proposed Contribution in Kind at a minimum price of EUR1.00 per share.

On 17 December 2014, 18 December 2014 and 19 December 2014, the shareholders of the Company, PHAG and Pelikan AG approved the transactions.

On 27 February 2015, the Board announced that Pelikan AG has obtained clearance from the Court in Berlin on 26 February 2015 to file the extraordinary general meeting resolution to the Commercial Court for the registration of the capital increase for the asset injection into Pelikan AG.

On 30 April 2015, the resolutions for the capital increase for the asset injection into Pelikan AG has been entered into the Commercial Registers of Pelikan AG. Accordingly, 231.2 million new Pelikan AG shares has been issued and the assets injection has been completed and Pelikan AG shall thereafter issue a prospectus to complete the aforesaid proposed offering.

**A. Notes to the Interim Financial Report
For the first quarter and financial period ended 31 March 2015**

A15. Status of Utilisation of Proceeds

On 15 December 2014, the Company announced the completion of the private placement wherein 40,500,000 new ordinary shares were issued at RM1.33 per share, raising a total of RM53,865,000 for the Company.

The status of utilisation of the proceeds from the private placement as at 23 May 2015 are as follows:

Purpose	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000
Repayment of bank borrowings	20,000	20,000	-
Working capital for the Company and its subsidiaries	33,365	33,365	-
Estimated expenses relating to the private placement	500	500	-
Total	53,865	53,865	-

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

B1. Taxation

	3 months ended		Financial period ended	
	31/03/15 RM'000	31/03/14 RM'000	31/03/15 RM'000	31/03/14 RM'000
Taxation charged in respect of current financial period				
- income tax	(4,807)	(3,635)	(4,807)	(3,635)
- deferred tax	135	(49)	135	(49)
	(4,672)	(3,684)	(4,672)	(3,684)

The Group's effective tax rate were 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 unused tax losses of other subsidiaries.

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

B2. Borrowings

Details of the Group's borrowings as at 31 March 2015 are as set out below:

Currency	Short Term		Long Term		Total RM'000
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000	
Argentina Peso	4,348	-	-	-	4,348
Colombian Peso	-	1	-	-	1
Czech Koruna	38	-	-	-	38
Euro	38,973	12,378	8,467	-	59,818
Great Britain Pound	28	-	-	1,403	1,431
Japanese Yen	-	1,550	-	-	1,550
Mexican Peso	-	7,302	-	-	7,302
Ringgit Malaysia	31,033	17,665	84,257	-	132,955
Singapore Dollar	3	-	-	-	3
Swiss Franc	5,692	-	-	-	5,692
US Dollar	73,095	105,084	-	-	178,179
Total	<u>153,210</u>	<u>143,980</u>	<u>92,724</u>	<u>1,403</u>	<u>391,317</u>

B3. Material Litigation

In the ordinary course of business, the business of Pelikan Hardcopy Holding AG and German Hardcopy AG 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 EUR6.0 million (RM24.1 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.

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

B4. Post Employment Benefit Obligation

	RM'000
Payable within 12 months	22,376
Payable after 12 months	<u>264,621</u>
	<u>286,997</u>
Removable Pension Liabilities:	
Liabilities assumed by Pension Trust Fund	<u>112,900</u>
Liabilities assumed by the Company	<u>65,087</u>
	<u>177,987</u>
Other pension liabilities of the Group	<u>109,010</u>
	<u>286,997</u>

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.

B5. Capital Commitments

Capital commitments not provided for in the financial statements as at 31 March 2015 were as follows:

	RM'000
Authorised and contracted for:	
Property, plant and equipment	<u>1,207</u>
Authorised but not contracted for:	
Property, plant and equipment	<u>1,855</u>

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

B6. Review of Performance

The Group achieved revenue of RM282.0 million in the current quarter as opposed to RM312.6 million in the previous year's corresponding quarter, a decrease of 9.8%. The decrease was mainly contributed by the Group's main revenue currency i.e. the Euro which depreciated by 9.8% against Ringgit Malaysia ("RM") as compared to the previous year's corresponding quarter. The decrease was partially offset by the steady growth in the Americas region which generated higher sales by 7.2% as compared to the previous year's corresponding quarter.

The Group recorded a loss before tax of RM8.7 million in the current quarter. The losses were mainly attributable to the lower margin contribution due to lower sales value in the current quarter and the recognition of the gain on disposal of a subsidiary in the month of March 2014. The Group will continue its effort to implement strategies within its product assortments and distribution channels to improved operating margins and reduce operational costs.

B7. Variation of Results Against Preceding Quarter

In the current quarter, the Group's revenue of RM282.0 million is around the same sales level as compared to the preceding quarter. Generally, the first quarter is a weak quarter for the Group as the major "back to school" season are between the second and third quarters of the year.

The Group recorded a loss before tax of RM8.7 million in the current quarter.

B8. Prospects

According to the European Commission's spring forecast, the economies of all European Union Member States are expected to grow in 2015. The economic activity is expected to pick up moderately in the EU and in the euro area, with growth forecasted to rise to 1.8% for the EU as a whole and to 1.5% for the euro area. In 2016, annual growth should reach 2.1% and 1.9% respectively. The German economy which is the largest market for the Group is expected to grow by 1.9% in 2015 and 2.0% in 2016. Based on the International Monetary Fund, economic activity for Mexico is expected to pick up modestly with GDP growth projected at 3.0% for 2015 and 3.3% in 2016. 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.

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

B8. Prospects (cont'd)

Nevertheless, the completion of the corporate exercise to spin off the key stationery business into Pelikan AG is expected to allow the key stationery segment to grow by itself and allow the Group to address the remaining plants and business outside the new Pelikan AG Group separately. The business structure going forward is expected to allow the Group to better deploy resources and strengthen its core business focus and improve performance going forward.

B9. Dividend

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

B10. Variance on Profit Forecast / Shortfall in Profit Guarantee

Not applicable.

B11. Loss Per Share

		3 months ended		Financial period ended	
		31/03/15	31/03/14	31/03/15	31/03/14
Loss for the financial period attributable to equity holders of the parent	(RM'000)	<u>(10,716)</u>	<u>(11,198)</u>	<u>(10,716)</u>	<u>(11,198)</u>
Weighted average number of ordinary shares in issue	('000)	553,296	512,796	553,296	512,796
Shares repurchased	('000)	<u>(4,928)</u>	<u>(4,928)</u>	<u>(4,928)</u>	<u>(4,928)</u>
		<u>548,368</u>	<u>507,868</u>	<u>548,368</u>	<u>507,868</u>
Loss per share	(sen)	<u>(1.95)</u>	<u>(2.20)</u>	<u>(1.95)</u>	<u>(2.20)</u>

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

B12. Additional Notes to the Statement of Comprehensive Income

	3 months ended		Financial period ended	
	31/03/15	31/03/14	31/03/15	31/03/14
	RM'000	RM'000	RM'000	RM'000
Loss for the period is arrived at after charging / (crediting):				
Interest income	(251)	(154)	(251)	(154)
Interest expense	5,437	5,185	5,437	5,185
Depreciation and amortisation	9,761	13,380	9,761	13,380
(Reversal)/Impairment loss on receivables	(402)	150	(402)	150
Inventories write down	426	434	426	434
Gain on disposal of				
- Property, plant and equipment	(387)	(645)	(387)	(645)
- Investment in subsidiaries	-	(3,566)	-	(3,566)
Foreign exchange (gain)/loss	(2,291)	417	(2,291)	417

B13. Derivative Liabilities

	Contract/ Notional amount EUR'000	Liabilities RM'000
Interest rate swap	10,000	2,564

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.

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

B14. Realised and Unrealised Profits/(Losses) Disclosure

	As at 31/03/15 RM'000	As at 31/12/14 RM'000
Total (accumulated losses)/retained profits of the Company and its subsidiaries:		
- Realised loss	(24,799)	(24,826)
- Unrealised profit/(loss)	3,127	(3,811)
	(21,672)	(28,637)
Add : Consolidation adjustments	(10,149)	7,532
Total accumulated losses as per Statement of Financial Position	<u>(31,821)</u>	<u>(21,105)</u>