

Company No. 63611 - U

PELIKAN INTERNATIONAL CORPORATION BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

30 September 2015

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Interim report for the financial period ended 30 September 2015
The figures have not been audited.

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial period ended	
		9/30/2015 RM' 000	9/30/2014 RM' 000	9/30/2015 RM' 000	9/30/2014 RM' 000
Revenue		396,933	401,453	1,021,060	1,098,304
Other operating income		82	4,757	11,315	18,912
Expenses excluding finance cost and tax		(389,985)	(390,612)	(1,002,713)	(1,077,052)
Finance cost		(5,867)	(6,127)	(16,439)	(17,007)
Profit before taxation		1,163	9,471	13,223	23,157
Taxation	B1	(11,861)	(3,629)	(57,590)	(11,130)
(Loss)/Profit for the financial period		(10,698)	5,842	(44,367)	12,027
Other comprehensive income/(loss): Item that may be reclassified subsequently to profit or loss: Exchange differences on translation of foreign operations		24,642	(9,543)	(15,521)	(17,698)
Total comprehensive income/(loss) for the financial period		13,944	(3,701)	(59,888)	(5,671)
Total (loss)/profit attributable to:					
Owners of the parent		(12,286)	3,489	(45,064)	9,508
Non-controlling interests		1,588	2,353	697	2,519
		(10,698)	5,842	(44,367)	12,027
Total comprehensive income/(loss) attributable to:					
Owners of the parent		14,094	(4,206)	(68,527)	(4,953)
Non-controlling interests		(150)	505	8,639	(718)
		13,944	(3,701)	(59,888)	(5,671)
(Loss)/Earnings per share attributable to equity holders of the parent	B11	sen (2.24)	sen 0.65	sen (8.22)	sen 1.80

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 30 September 2015
The figures have not been audited.

	Note	9/30/2015 RM'000	12/31/2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		479,052	433,650
Trademarks		18,031	15,515
Development costs		5,366	6,905
Goodwill		76,868	97,832
Computer software licence		6,375	4,858
Investment in associates		-	-
Available-for-sale financial assets		3,040	2,615
Pension Trust Fund		138,184	138,184
Deferred tax assets		51,961	43,048
		<u>778,877</u>	<u>742,607</u>
Current assets			
Inventories		307,481	272,270
Receivables, deposits & prepayments		423,018	338,755
Tax recoverable		3,667	3,059
Pension Trust Fund		12,680	12,680
Deposits, cash and bank balances		87,433	73,635
		<u>834,279</u>	<u>700,399</u>
TOTAL ASSETS		<u>1,613,156</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		(129,449)	(105,986)
Equity-settled employee benefits		226	226
Accumulated losses		(66,169)	(21,105)
Treasury shares, at cost		(5,150)	(5,150)
		<u>418,345</u>	<u>486,872</u>
Non-controlling interests		12,621	3,982
Total equity		<u>430,966</u>	<u>490,854</u>
Non-current liabilities			
Post employment benefit obligations	B4		
- Removable pension liabilities		193,684	173,852
- others		120,167	99,548
Borrowings	B2	94,643	87,209
Deferred tax liabilities		24,269	18,371
		<u>432,763</u>	<u>378,980</u>
Current liabilities			
Payables		277,910	222,516
Post employment benefit obligations	B4		
- Removable pension liabilities		17,226	17,628
- others		10,395	8,822
Derivative liabilities		2,417	2,989
Borrowings	B2	370,740	293,507
Current tax liabilities		70,739	27,710
		<u>749,427</u>	<u>573,172</u>
Total liabilities		<u>1,182,190</u>	<u>952,152</u>
TOTAL EQUITY AND LIABILITIES		<u>1,613,156</u>	<u>1,443,006</u>
Net assets per share attributable to owners of the parent (RM)		0.76	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 30 September 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)/profit for the financial period	-	-	(23,463)	-	(45,064)	-	(68,527)	8,639	(59,888)
Balance at 30 September 2015	<u>553,296</u>	<u>65,591</u>	<u>(129,449)</u>	<u>226</u>	<u>(66,169)</u>	<u>(5,150)</u>	<u>418,345</u>	<u>12,621</u>	<u>430,966</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	-	-	(14,461)	-	9,508	-	(4,953)	(718)	(5,671)
Issue of shares pursuant to private placement	40,500	8,072	-	-	-	-	48,572	-	48,572
Share based payment under ESOS	-	-	-	223	-	-	223	-	223
Dividends	-	-	-	-	-	-	-	(54)	(54)
Total transactions with owners	<u>40,500</u>	<u>8,072</u>	<u>-</u>	<u>223</u>	<u>-</u>	<u>-</u>	<u>48,795</u>	<u>(54)</u>	<u>48,741</u>
Balance at 30 September 2014	<u>553,296</u>	<u>65,591</u>	<u>(90,218)</u>	<u>223</u>	<u>65,344</u>	<u>(5,150)</u>	<u>589,086</u>	<u>6,149</u>	<u>595,235</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 30 September 2015
The figures have not been audited.

	Financial period ended	
	9/30/2015 RM' 000	9/30/2014 RM' 000
Cash Flows From Operating Activities		
Cash receipts from customers	1,011,897	977,560
Cash paid to suppliers and employees	(967,400)	(1,008,678)
	44,497	(31,118)
Interest received	401	926
Interest paid	(10,831)	(10,824)
Taxation paid	(23,049)	(12,924)
Net cash from/(used in) operating activities	<u>11,018</u>	<u>(53,940)</u>
Cash Flows From Investing Activities		
Interest paid	(5,587)	(6,170)
Purchase of property, plant and equipment	(28,806)	(13,062)
Proceeds from disposal of property, plant and equipment	2,518	2,805
Purchase of intangible assets	(1,702)	(253)
Proceeds from disposal of intangible assets	29	30
Development expenses paid	(356)	(591)
Purchase of available-for-sale financial assets	(8)	-
Proceeds from disposal of available-for-sale financial assets	-	590
Proceeds from disposal of subsidiaries, net of cash balances and bank disposed off	-	5,992
Net cash used in investing activities	<u>(33,912)</u>	<u>(10,659)</u>
Cash Flows From Financing Activities		
Deposits (pledged)/uplifted, net	(1,344)	522
Net proceeds from issue of shares	-	48,572
Drawdown of bank borrowings	214,153	204,901
Repayment of bank borrowings	(183,286)	(202,660)
Repayment of hire purchase and lease payables	(234)	(503)
Net cash from financing activities	<u>29,289</u>	<u>50,832</u>
Net increase/(decrease) in cash and cash equivalents during the financial period	6,395	(13,767)
Foreign currency translation	7,852	3,899
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>74,327</u></u>	<u><u>93,231</u></u>
Cash and cash equivalents comprise :		
Deposits, cash and bank balances	87,433	103,195
Bank overdrafts	(6,495)	(7,514)
	<u>80,938</u>	<u>95,681</u>
Less: Deposits pledged to licensed banks	(6,611)	(2,450)
	<u><u>74,327</u></u>	<u><u>93,231</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 third quarter and financial period ended 30 September 2015

A1. Basis of Preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 30 September 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 30 September 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 30 September 2015.

A. Notes to the Interim Financial Report
For the third quarter and financial period ended 30 September 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 30 September 2015.

A8. Dividends

No dividends have been paid during the current quarter ended 30 September 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
9 months ended 30 September 2015							
External revenue	506,249	83,100	210,347	168,597	52,767	-	1,021,060
Intersegment revenue	<u>353,797</u>	<u>38,254</u>	<u>45,954</u>	<u>10,190</u>	<u>90,216</u>	<u>(538,411)</u>	<u>-</u>
	<u>860,046</u>	<u>121,354</u>	<u>256,301</u>	<u>178,787</u>	<u>142,983</u>	<u>(538,411)</u>	<u>1,021,060</u>
Segment result	<u>7,861</u>	<u>12,825</u>	<u>4,275</u>	<u>43,249</u>	<u>(23,197)</u>	<u>(15,351)</u>	<u>29,662</u>
3 months ended 30 September 2015							
External revenue	203,369	25,380	93,121	57,337	17,726	-	396,933
Intersegment revenue	<u>121,820</u>	<u>11,870</u>	<u>17,609</u>	<u>3,179</u>	<u>27,493</u>	<u>(181,971)</u>	<u>-</u>
	<u>325,189</u>	<u>37,250</u>	<u>110,730</u>	<u>60,516</u>	<u>45,219</u>	<u>(181,971)</u>	<u>396,933</u>
Segment result	<u>9,015</u>	<u>378</u>	<u>3,613</u>	<u>19,139</u>	<u>(20,429)</u>	<u>(4,686)</u>	<u>7,030</u>

A. Notes to the Interim Financial Report
For the third quarter and financial period ended 30 September 2015

A9. Segment Information (cont'd)

Germany

The German segment which represents 49.6% of the Group's revenue showed a decrease in revenue of RM8.4 million (4.0%) as compared to previous year's corresponding quarter. The sales development of the Back To School ("BTS") sales were stable towards the end of the school season whilst the negative development of the Euro exchange rate against RM of 3.1% had an impact on the translated revenue.

The segment result increased as compared to the previous year's corresponding quarter mainly attributable to the lower cost base in the current quarter.

Switzerland

The Swiss market concentrated mainly in printer consumables business. The cessation of the 3rd party toner powder production business has resulted in a lower turnover in the current period as compared to previous year's corresponding quarter. Currently the toner plant is only producing for a contract OEM customer. For the current quarter, the region incurred a segment result of RM0.4 million.

Rest of Europe

The contribution in revenue from all other European countries, except Germany and Switzerland, represents 20.6% of the Group's total revenue.

The region continue to record higher sales through the end of the BTS season with positive sales development in Romania and Belgium. However, the negative development of the Euro exchange rate against RM of 3.1% had an impact on the translated revenue.

The segment results improved in the current quarter due to better margins and operating costs for the plant in Scotland as a result of last year's downsizing exercise.

A. Notes to the Interim Financial Report
For the third quarter and financial period ended 30 September 2015

A9. Segment Information (cont'd)

Americas

The segment revenue from Americas, which represents Mexico, Colombia and Argentina, generated higher sales by 8.2% as compared to the previous year's corresponding quarter. This segment had achieved revenue growth in particular for office and school business segment as the brand is well established in the market. The positive sales growth was partially offset by the adverse foreign exchange impact, mainly due to weakening of Colombia Peso against Ringgit Malaysia of approximately 14.5% as compared to previous year's corresponding quarter and also implementation of protective import duties measures by certain export market.

The region had achieved segment results of RM19.1 million in the current quarter.

Rest of the World

Rest of the world which comprise 5.2% of the Group's revenue consist mainly countries such as Japan, Taiwan/China, South East Asia and Middle East. Positive demand of certain school products in Taiwan and the introduction of special editions of fine writing instruments in both Taiwan and Japan had resulted in improvement of the segment revenue as compared to the previous year's corresponding quarter. In addition, the distribution in China had improved as demand for certain key products has increased through the marketing efforts undertaken with dealers.

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 of RM29.2 million on USD denominated borrowings. The segment loss of RM20.4 million, as a consequence, was higher than the previous year's corresponding quarter.

A10. Valuation of Property, Plant and Equipment

There were no valuations of property, plant and equipment during the current quarter ended 30 September 2015.

A11. Changes in the Composition of the Group

On 23 October 2015, Pelikan Trading (Shanghai) Co. Ltd., a wholly owned subsidiary of the Company was deregistered voluntarily and the distribution is taken over by the subsidiary in Taiwan.

Other than as stated, there were no other changes in the composition of the Group during the current quarter ended 30 September 2015.

A. Notes to the Interim Financial Report
For the third quarter and financial period ended 30 September 2015

A12. Events Subsequent to the End of the Reporting Period

There were no other event subsequent to the financial period ended 30 September 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 (RM29.7 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.
- (b) Based on the latest actuaries assumptions as at 31 December 2014, Pelikan Hardcopy Scotland Limited’s (“PHSL”) retirement fund has GBP25.7 million (RM171.6 million) assets to meet its estimated pension liabilities of GBP38.0 million (RM253.8 million). An amount of GBP12.3 million (RM82.2 million) has been recognised as a pension liability of the Group for the financial period ended 30 September 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.

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

B1. Taxation

	3 months ended		Financial period ended	
	30/09/15	30/09/14	30/09/15	30/09/14
	RM'000	RM'000	RM'000	RM'000
Taxation charged in respect of current financial period				
- income tax	(11,100)	(3,610)	(56,319)	(11,102)
- deferred tax	(761)	(19)	(1,271)	(28)
	<u>(11,861)</u>	<u>(3,629)</u>	<u>(57,590)</u>	<u>(11,130)</u>

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. In addition, for the cumulative quarter ended 30 September 2015, there were one-off income tax effects amounting to RM35.5 million arising from the proposed asset streamlining exercise. Taking out this effect, the normalised taxation charge for the cumulative quarter would amount to RM20.8 million, which was higher than last year's operating tax charge because of better profitability of the taxable companies.

B2. Borrowings

Details of the Group's borrowings as at 30 September 2015 are as set out below:

Currency	Short Term		Long Term		Total
	Secured	Unsecured	Secured	Unsecured	
	RM'000	RM'000	RM'000	RM'000	RM'000
Argentina Peso	1,415	-	-	-	1,415
Colombian Peso	-	4,463	-	-	4,463
Czech Koruna	19	-	-	-	19
Euro	77,674	14,656	8,844	-	101,174
Great Britain Pound	28	-	-	1,542	1,570
Mexican Peso	-	12,988	-	-	12,988
Ringgit Malaysia	17,875	19,178	84,257	-	121,310
Swiss Franc	6,700	-	-	-	6,700
US Dollar	82,786	132,958	-	-	215,744
Total	<u>186,497</u>	<u>184,243</u>	<u>93,101</u>	<u>1,542</u>	<u>465,383</u>

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 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 (RM29.7 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.

B4. Post Employment Benefit Obligation

	RM'000
Payable within 12 months	27,621
Payable after 12 months	313,851
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	341,472
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Removable Pension Liabilities:	
Liabilities assumed by Pension Trust Fund	145,823
Liabilities assumed by the Company	65,087
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	210,910
Other pension liabilities of the Group	130,562
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	341,472
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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 30 September 2015 were as follows:

	RM'000
Authorised and contracted for:	
Property, plant and equipment	<u>1,073</u>

B6. Review of Performance

The Group achieved revenue of RM396.9 million in the current quarter as opposed to RM401.5 million in the previous year's corresponding quarter, a decrease of RM4.6 million. The Group's business in Latin America continue to show positive growth rates of 8.2% as compared to previous year's corresponding quarter. The European business as a whole is still a major segment contributing to a stable revenue albeit some reduction in the printer consumable business due to the scale down of production/operations earlier.

The negative effects on the weakening of RM against USD in particular on USD denominated borrowings has worsened in the current quarter, wherein the RM has weakened by 17.0% compared to the previous quarter ended 30 June 2015. In addition, as part of a closure exercise of a dormant subsidiary, the Group disposed off its property at a loss.

The Group's overall profit before taxation after adjusting for foreign exchange losses on USD borrowings and loss on disposal of property, plant and equipment has improved as compared to the results of the previous year's corresponding quarter as shown below:

	3 months ended	
	30/9/2015	30/9/2014
	RM'000	RM'000
Profit before taxation	1,163	9,471
Add/(Less):		
Loss on foreign exchange effects on USD borrowings	29,167	3,833
Loss on disposal of property, plant and equipment	<u>998</u>	<u>143</u>
Adjusted operating profit before taxation	<u>31,328</u>	<u>13,447</u>

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

B7. Variation of Results Against Preceding Quarter

The Group's revenue increased to RM396.9 million in the current quarter as compared to RM342.1 million in the preceding quarter. The increase in revenue continue to be driven by the BTS season for the European region, in particular sales in Eastern Europe. In addition, the increase was partly as a result of the depreciation of Euro currency, being the main sales currency of the Group by 4.5% against Ringgit Malaysia ("RM") as compared to the previous quarter.

The Group's overall profit before taxation after adjusting for foreign exchange losses on USD borrowings and loss on disposal of property, plant and equipment has improved as compared to the results of the preceding quarter as shown below:

	3 months ended	
	30/9/2015	30/6/2015
	RM'000	RM'000
Profit before taxation	1,163	20,716
Add/(Less):		
Loss on foreign exchange effects on USD borrowings	29,167	1,308
Loss on disposal of property, plant and equipment	998	56
Adjusted operating profit before taxation	31,328	22,080

B8. Prospects

According to the European Commission's autumn forecast, the GDP growth in 2015 is forecast at 1.6% in the euro area and at 1.9% in the EU. The economic activity is expected to pick up moderately in the euro area, with growth forecasted to rise to 1.8% in 2016 and by 1.9% in 2017. The EU economy as a whole is expected to grow by 2.0% and 2.1% over the same period. The German economy is the largest market for the Group. In Germany, economic growth is projected to continue to be supported by favourable labour market and financing conditions underpinning domestic demand, leading to GDP growth of 1.9% in both 2016 and 2017. Based on the International Monetary Fund, economic activity for Mexico is expected to pick up modestly with GDP growth projected at 2.3% for 2015 and 2.8% 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.

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

B8. Prospects (cont'd)

The recent volatility in major global currencies in particular against Malaysia Ringgit will also result in volatility in the Group's result going forward as majority of its business is located outside Malaysia and will be translated to RM for reporting purposes. The strengthening of the Euro currency against RM would benefit the Group whilst the strengthening of the USD against RM will have a negative results on the Group.

The streamlined stationery group under Pelikan AG Group has shown a positive results year to date. The opportunities for the Pelikan AG Group to perform and compete in its key markets remains strong. Focus is to improve margins with better product mix and increase market share in core European markets whilst to grow top line revenue in other growth markets such as Latin America and Asia.

The Group shall continue to address the remaining business outside the Pelikan AG Group in order to improve its overall position and profitability.

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)/Earnings Per Share

		3 months ended		Financial period ended	
		30/09/15	30/09/14	30/09/15	30/09/14
(Loss)/Profit for the financial period attributable to equity holders of the parent	(RM'000)	<u>(12,286)</u>	<u>3,489</u>	<u>(45,064)</u>	<u>9,508</u>
Weighted average number of ordinary shares in issue	('000)	553,296	545,196	553,296	533,046
Shares repurchased	('000)	<u>(4,928)</u>	<u>(4,928)</u>	<u>(4,928)</u>	<u>(4,928)</u>
		<u>548,368</u>	<u>540,268</u>	<u>548,368</u>	<u>528,118</u>
(Loss)/Earnings per share	(sen)	<u>(2.24)</u>	<u>0.65</u>	<u>(8.22)</u>	<u>1.80</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	
	30/09/15	30/09/14	30/09/15	30/09/14
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period is arrived at after charging / (crediting):				
Interest income	(81)	(617)	(401)	(926)
Interest expense	5,867	6,127	16,439	17,007
Depreciation and amortisation	10,760	9,688	29,944	32,109
Impairment loss on receivables	895	405	651	984
(Reversal of)/Inventories write down	(277)	348	67	798
Loss/(Gain) on disposal of				
- Property, plant and equipment	998	143	667	46
- Intangible assets	(17)	(17)	(25)	(17)
- Investment in subsidiaries	-	-	-	(3,566)
- Available-for-sale financial assets	-	-	(19)	(13)
Foreign exchange loss	15,578	5,079	10,758	6,380

B13. Derivative Liabilities

	Contract/ Notional amount EUR'000	Liabilities RM'000
Interest rate swap	10,000	2,417

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 30/09/15 RM'000	As at 31/12/14 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised loss	(45,492)	(24,826)
- Unrealised loss	(9,836)	(3,811)
	(55,328)	(28,637)
Add : Consolidation adjustments	(10,841)	7,532
Total accumulated losses as per Statement of Financial Position	<u>(66,169)</u>	<u>(21,105)</u>