

Company No. 63611 - U

PELIKAN INTERNATIONAL CORPORATION BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

30 June 2016

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Interim report for the financial period ended 30 June 2016
The figures have not been audited.

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial period ended	
		30/6/2016 RM' 000	30/6/2015 RM' 000	30/6/2016 RM' 000	30/6/2015 RM' 000
Revenue		387,882	342,121	672,600	624,127
Other operating income		494	5,519	10,121	11,233
Expenses excluding finance cost and tax		(353,464)	(321,789)	(634,132)	(612,728)
Finance cost		(5,300)	(5,135)	(10,411)	(10,572)
Profit before taxation		29,612	20,716	38,178	12,060
Taxation	B1	(9,442)	(41,057)	(14,753)	(45,729)
Profit/(Loss) for the financial period		20,170	(20,341)	23,425	(33,669)
Other comprehensive income/(loss): Item that may be reclassified subsequently to profit or loss: Exchange differences on translation of foreign operations		21,516	(8,150)	(9,077)	(40,163)
Total comprehensive income/(loss) for the financial period		41,686	(28,491)	14,348	(73,832)
Total profit/(loss) attributable to:					
Owners of the parent		19,369	(22,062)	22,990	(32,778)
Non-controlling interests		801	1,721	435	(891)
		20,170	(20,341)	23,425	(33,669)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		42,888	(41,562)	16,225	(82,621)
Non-controlling interests		(1,202)	13,071	(1,877)	8,789
		41,686	(28,491)	14,348	(73,832)
Earnings/(Loss) per share attributable to equity holders of the parent		sen	sen	sen	sen
- Basic	B11	3.53	(4.02)	4.19	(5.98)
- Diluted	B11	3.48	Anti-dilutive	4.14	Anti-dilutive

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 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 June 2016

The figures have not been audited.

	Note	30/6/2016 RM'000	31/12/2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		424,307	449,941
Trademarks		16,290	17,094
Development costs		3,802	4,788
Goodwill		128,813	133,960
Computer software licence		4,949	5,640
Investment in associates		-	-
Available-for-sale financial assets		2,577	2,807
Pension Trust Fund		138,184	138,184
Deferred tax assets		95,194	99,083
		<u>814,116</u>	<u>851,497</u>
Current assets			
Inventories		300,578	274,978
Receivables, deposits & prepayments		368,975	324,622
Tax recoverable		3,281	3,642
Pension Trust Fund		12,680	12,680
Deposits, cash and bank balances		38,393	71,224
		<u>723,907</u>	<u>687,146</u>
TOTAL ASSETS		<u>1,538,023</u>	<u>1,538,643</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		(96,870)	(90,105)
Equity-settled employee benefits		226	226
Accumulated losses		(40,722)	(63,712)
Treasury shares, at cost		(5,150)	(5,150)
		<u>476,371</u>	<u>460,146</u>
Non-controlling interests		1,435	3,312
Total equity		<u>477,806</u>	<u>463,458</u>
Non-current liabilities			
Post employment benefit obligations	B4		
- Removable pension liabilities		163,428	178,320
- others		106,288	118,439
Borrowings	B2	49,022	37,432
Tax liabilities		-	36,081
Deferred tax liabilities		19,659	19,970
		<u>338,397</u>	<u>390,242</u>
Current liabilities			
Payables		279,882	237,270
Post employment benefit obligations	B4		
- Removable pension liabilities		15,397	16,157
- others		9,266	9,724
Derivative liabilities	B13	1,161	1,963
Borrowings	B2	347,522	379,077
Current tax liabilities		68,592	40,752
		<u>721,820</u>	<u>684,943</u>
Total liabilities		<u>1,060,217</u>	<u>1,075,185</u>
TOTAL EQUITY AND LIABILITIES		<u>1,538,023</u>	<u>1,538,643</u>
Net assets per share attributable to owners of the parent (RM)		0.86	0.83

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 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 June 2016
 The figures have not been audited.

	Share Capital	Share premium (non distributable)	Foreign currency translation reserves (non distributable)	Equity-settled employee benefits (non distributable)	Accumulated losses / Retained profits (distributable)	Treasury shares, at cost	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
At 1 January 2016	553,296	65,591	(90,105)	226	(63,712)	(5,150)	460,146	3,312	463,458
Profit for the financial year	-	-	-	-	22,990	-	22,990	435	23,425
Other comprehensive loss	-	-	(6,765)	-	-	-	(6,765)	(2,312)	(9,077)
Total comprehensive (loss)/income	-	-	(6,765)	-	22,990	-	16,225	(1,877)	14,348
At 30 June 2016	553,296	65,591	(96,870)	226	(40,722)	(5,150)	476,371	1,435	477,806
At 1 January 2015	553,296	65,591	(105,986)	226	(21,105)	(5,150)	486,872	3,982	490,854
Loss for the financial year	-	-	-	-	(32,778)	-	(32,778)	(891)	(33,669)
Other comprehensive (loss)/income	-	-	(49,843)	-	-	-	(49,843)	9,680	(40,163)
Total comprehensive (loss)/income	-	-	(49,843)	-	(32,778)	-	(82,621)	8,789	(73,832)
At 30 June 2015	553,296	65,591	(155,829)	226	(53,883)	(5,150)	404,251	12,771	417,022

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 2015 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 June 2016
The figures have not been audited.

	Financial period ended	
	30/6/2016	30/6/2015
	RM' 000	RM' 000
Cash Flows From Operating Activities		
Cash receipts from customers	586,311	563,821
Cash paid to suppliers and employees	<u>(560,103)</u>	<u>(576,714)</u>
	26,208	(12,893)
Interest received	347	320
Interest paid	(7,693)	(6,874)
Taxation paid	<u>(19,708)</u>	<u>(15,641)</u>
Net cash used in operating activities	<u>(846)</u>	<u>(35,088)</u>
Cash Flows From Investing Activities		
Interest paid	(2,718)	(3,726)
Purchase of property, plant and equipment	(8,137)	(15,820)
Proceeds from disposal of property, plant and equipment	1,205	512
Purchase of intangible assets	(497)	(1,629)
Proceeds from disposal of intangible assets	-	8
Development expenses paid	-	(195)
Purchase of available-for-sale financial assets	-	(8)
Proceeds from disposal of available-for-sale financial assets	<u>139</u>	<u>-</u>
Net cash used in investing activities	<u>(10,008)</u>	<u>(20,858)</u>
Cash Flows From Financing Activities		
Drawdown of bank borrowings	126,034	141,422
Repayment of bank borrowings	(146,757)	(107,391)
Repayment of hire purchase and lease payables	<u>(65)</u>	<u>(185)</u>
Net cash (used in)/from financing activities	<u>(20,788)</u>	<u>33,846</u>
Net decrease in cash and cash equivalents during the financial period	(31,642)	(22,100)
Foreign currency translation	(1,981)	768
Cash and cash equivalents at beginning of the financial period	<u>57,100</u>	<u>60,080</u>
Cash and cash equivalents at end of the financial period	<u><u>23,477</u></u>	<u><u>38,748</u></u>
Cash and cash equivalents comprise :		
Deposits, cash and bank balances	38,393	51,302
Bank overdrafts	<u>(8,142)</u>	<u>(7,287)</u>
	30,251	44,015
Less: Deposits pledged to licensed banks	<u>(6,774)</u>	<u>(5,267)</u>
	<u><u>23,477</u></u>	<u><u>38,748</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2016

A1. Basis of Preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 30 June 2016 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 2015.

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 2015.

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 2015 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 June 2016.

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 June 2016.

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2016

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 June 2016.

A8. Dividends

No dividends have been paid during the current quarter ended 30 June 2016.

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
6 months ended							
30 June 2016							
External revenue	352,535	44,134	124,969	107,463	43,499	-	672,600
Intersegment revenue	<u>231,014</u>	<u>21,883</u>	<u>30,416</u>	<u>7,806</u>	<u>72,572</u>	<u>(363,691)</u>	<u>-</u>
	<u>583,549</u>	<u>66,017</u>	<u>155,385</u>	<u>115,269</u>	<u>116,071</u>	<u>(363,691)</u>	<u>672,600</u>
Segment result	<u>15,698</u>	<u>(1,763)</u>	<u>(3,152)</u>	<u>29,578</u>	<u>16,665</u>	<u>(8,437)</u>	<u>48,589</u>
3 months ended							
30 June 2016							
External revenue	215,405	20,237	73,136	54,917	24,187	-	387,882
Intersegment revenue	<u>129,264</u>	<u>10,453</u>	<u>15,541</u>	<u>3,192</u>	<u>37,159</u>	<u>(195,609)</u>	<u>-</u>
	<u>344,669</u>	<u>30,690</u>	<u>88,677</u>	<u>58,109</u>	<u>61,346</u>	<u>(195,609)</u>	<u>387,882</u>
Segment result	<u>16,759</u>	<u>1,608</u>	<u>469</u>	<u>18,402</u>	<u>920</u>	<u>(3,246)</u>	<u>34,912</u>

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2016

A9. Segment Information (cont'd)

Germany

The German segment which represents 52.4% of the Group's revenue showed an increase in revenue of RM38.7 million (21.9%) as compared to previous year's corresponding quarter. The Germany segment achieved real sales growth in Euro currency and the higher exchange rates in the current quarter has further improved the translated sales. In addition, the Gross Domestic Product ("GDP") for German region had improved by 1.7% as compared to previous year's corresponding quarter. Corresponding to the positive development, the level and size of orders from customers improved during this year's "back to school" season which is a good sign that retail level confidence had improved generally. The segment results improved by RM3.8 million as compared to the previous year's corresponding quarter.

Switzerland

The Swiss market concentrated mainly in printer consumables business. The cessation of the toner powder production business and the decrease in demand for remanufactured toner cartridges, due to increased competition from low priced and low quality compatible toner cartridges, has resulted in a lower turnover in the current period as compared to previous year's corresponding quarter. The segment achieved a segment results of RM1.6 million in the current quarter.

Rest of Europe

The contribution in revenue from all other European countries, except Germany and Switzerland, represents 18.6% of the Group's total revenue.

Overall, the GDP for both Euro area and EU28 had improved by 1.6% and 1.8% respectively as compared to previous year's corresponding quarter. The positive economic data had improved consumer sentiment and this can be seen in the increase in sales in certain Eastern Europe countries, Italy, Spain and Belgium. In addition, the overall translated revenue increased as compared to the previous year's corresponding quarter due to the appreciation of Euro currency against Ringgit Malaysia of approximately 10.9% as compared to the previous year's corresponding quarter.

The segment results were lower as compared the previous year's corresponding quarter mainly due to the weakening of Great Britain Pound against other currencies which resulted in foreign exchange loss of approximately GBP0.2 million (RM1.0 million) in the current quarter.

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2016

A9. Segment Information (cont'd)

Americas

Americas, which comprise 16.0% of the Group's revenue are represented by Mexico, Colombia and Argentina. The region achieved growth in local currency ranging from 5% to 13% as compared to previous year's corresponding quarter, with better growth in Mexico and Colombia, in particular. The positive growth were affected by the weakening of Argentina Peso against Ringgit Malaysia of approximately 32.4% as compared to previous year's corresponding quarter. Overall, the region achieved a small growth in sales in the current quarter.

Despite the devaluation of the Latin America currencies, the region had achieved segment results of RM18.4 million in the current quarter, as compared to RM13.2 million in the previous year's corresponding quarter.

Rest of the World

The segment revenue from Rest of the World, which represents Japan, Taiwan/China, South East Asia and Middle East generated higher sales by 22.2% as compared to the previous year's corresponding quarter mainly driven by the sales growth in Taiwan/China and Japan. The market in Taiwan/China continue to improve following on the success in new channels developed last year wherein sales growth in Taiwan/China had improved by TWD20.9 million (RM2.7 million) as compared to the previous year's corresponding quarter.

However, the effects of foreign exchange were unfavourable in the current quarter due to the weakened Ringgit Malaysia against United States Dollar in particular, wherein the region incurred additional translation loss of RM2.9 million. The segment profit, as a consequence, was lower 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 June 2016.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 June 2016 apart from a reduction in stake for a dormant subsidiary, Kreuzer Produktion + Vertrieb GmbH from 100% to 20%.

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2016

A12. Events Subsequent to the End of the Reporting Period

There were no event subsequent to the financial period ended 30 June 2016.

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 EUR5.0 million (RM22.3 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 2015, Pelikan Hardcopy Scotland Limited’s (“PHSL”) retirement fund has GBP24.2 million (RM130.6 million) assets to meet its estimated pension liabilities of GBP36.1 million (RM194.8 million). An amount of GBP11.9 million (RM64.2 million) has been recognised as a pension liability of the Group for the financial year ended 31 December 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	
	30/06/16	30/06/15	30/06/16	30/06/15
	RM'000	RM'000	RM'000	RM'000
Taxation charged in respect of current financial period				
- income tax	(8,380)	(40,412)	(15,313)	(45,219)
- deferred tax	(1,062)	(645)	560	(510)
	<u>(9,442)</u>	<u>(41,057)</u>	<u>(14,753)</u>	<u>(45,729)</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.

For the quarter ended 30 June 2015, there were one-off income tax effects amounting to RM34.0 million arising from the proposed asset streamlining exercise. Taking out this effect, the normalised taxation charge for the previous year's corresponding quarter and cumulative quarter would amount to RM7.1 million and RM11.7 million respectively.

B2. Borrowings

Details of the Group's borrowings as at 30 June 2016 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	4,312	-	-	-	4,312
Colombian Peso	30	-	-	-	30
Euro	56,556	20,245	6,751	-	83,552
Great Britain Pound	16	-	-	1,047	1,063
Hungarian Forint	593	-	-	-	593
Mexican Peso	-	14,219	-	-	14,219
Polish Zloty	-	1,749	-	-	1,749
Ringgit Malaysia	33,384	11,386	29,136	-	73,906
Swiss Franc	6,082	-	-	-	6,082
US Dollar	85,073	113,877	12,088	-	211,038
Total	<u>186,046</u>	<u>161,476</u>	<u>47,975</u>	<u>1,047</u>	<u>396,544</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 EUR5.0 million (RM22.3 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	24,663
Payable after 12 months	269,716
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	294,379
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Removable Pension Liabilities:	
Liabilities assumed by Pension Trust Fund	113,738
Liabilities assumed by the Company	65,087
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	178,825
Other pension liabilities of the Group	115,554
	<hr/>
	294,379
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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 June 2016 were as follows:

	RM'000
Authorised and contracted for:	
Property, plant and equipment	<u>831</u>

B6. Review of Performance

The Group achieved revenue of RM387.9 million in the current quarter as opposed to RM342.1 million in the previous year's corresponding quarter, an increase of RM45.8 million. The increase in sales is mainly attributable to the sales growth in Germany and Latin America. The sales growth is further improved by the stronger Euro against Ringgit Malaysia but offset by weaker currencies in the Latin America region. The positive economic data for the German and European market had improved consumer sentiment and this can be seen in the increase in sales during the "back to school" season. There were positive sales growth in Asia regions too.

The operations fared better in the current quarter as compared to the previous year's corresponding quarter wherein the Group recorded a profit before tax of RM29.6 million in the current quarter as compared to a profit before tax of RM20.7 million in the previous year's corresponding quarter. The improvement in results were partially affected by the net foreign exchange loss on translation of RM3.7 million in the current quarter of which RM6.5 million were attributable to unrealised loss on USD denominated borrowings.

B7. Variation of Results Against Preceding Quarter

The Group's revenue increased to RM387.9 million in the current quarter as compared to RM284.7 million in the preceding quarter. The second quarter is normally a stronger quarter for the Group's school products due to the "back to school" season in Europe.

As a result of the higher sales, the Group recorded a profit before taxation of RM29.6 million in the current quarter as compared to profit before taxation of RM8.6 million in the preceding quarter. The improvement in results were partially offsetted by foreign exchange losses of RM3.7 million in the current quarter as opposed to a foreign exchange gain of RM6.7 million in the preceding quarter.

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

B8. Prospects

According to the European Commission's spring forecast, the economic activity is expected to pick up moderately in the euro area, with growth forecasted to rise to 1.6% in 2016 and by 1.8% in 2017. The European Union economy as a whole is expected to grow at 1.8% and 1.9% in 2016 and 2017 respectively. The German economy have forecast to achieve GDP growth of 1.6% 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 2.5% for 2016 and 2.6% in 2017. The positive economic data on the Group's key region is quite encouraging for the business development as it improves overall consumer sentiments which can help bolster sales in particular in the "back to school" season.

The development of the key currencies of the Group namely Euro and United States Dollar remains mixed. The strengthening of the Euro currency against Ringgit Malaysia would benefit the Group whilst the strengthening of the United States Dollar against Ringgit Malaysia will have a negative results on the Group. The negative developments of the Latin America's region currencies will also result in lower translated profit for the Group.

The focus to bring relevant products into the markets in particular branded products remain key priority for the Group. Streamlining of product mix and offerings to customers remained an important factor going forward to improve profitability and reduce business complexity and cost.

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.

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

B11. Earnings/(Loss) Per Share

Basic earnings/(loss) per share:

		3 months ended		Financial period ended	
		30/06/16	30/06/15	30/06/16	30/06/15
Profit/(Loss) for the financial period attributable to equity holders of the parent	(RM'000)	19,369	(22,062)	22,990	(32,778)
Weighted average number of ordinary shares in issue	('000)	553,296	553,296	553,296	553,296
Shares repurchased	('000)	(4,928)	(4,928)	(4,928)	(4,928)
		<u>548,368</u>	<u>548,368</u>	<u>548,368</u>	<u>548,368</u>
Basic earnings/(loss) per share	(sen)	<u>3.53</u>	<u>(4.02)</u>	<u>4.19</u>	<u>(5.98)</u>

Diluted earnings per share:

		3 months ended		Financial period ended	
		30/06/16	30/06/15	30/06/16	30/06/15
Profit/(Loss) for the financial period attributable to equity holders of the parent	(RM'000)	19,369	(22,062)	22,990	(32,778)
Weighted average number of ordinary shares in issue	('000)	553,296	553,296	553,296	553,296
Shares repurchased	('000)	(4,928)	(4,928)	(4,928)	(4,928)
Shares assumed exercise of Employee Share Option Scheme	('000)	7,534	7,534	7,534	7,534
		<u>555,902</u>	<u>555,902</u>	<u>555,902</u>	<u>555,902</u>
Diluted earnings per share	(sen)	<u>3.48</u>	<u>Anti-dilutive</u>	<u>4.14</u>	<u>Anti-dilutive</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	
	30/06/16	30/06/15	30/06/16	30/06/15
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period is arrived at after charging / (crediting):				
Interest income	(99)	(69)	(347)	(320)
Interest expense	5,300	5,135	10,411	10,572
Depreciation and amortisation	9,488	9,423	19,119	19,184
(Reversal of)/Impairment loss on receivables	(491)	158	(743)	(244)
(Reversal of)/Inventories write down	(90)	(82)	(140)	344
Gain on disposal of				
- Property, plant and equipment	(502)	56	(617)	(331)
- Intangible assets	-	(8)	-	(8)
- Available-for-sale financial assets	(4)	(19)	(4)	(19)
Foreign exchange loss/(gain)	<u>3,668</u>	<u>(2,529)</u>	<u>(3,076)</u>	<u>(4,820)</u>

B13. Derivative Liabilities

	Contract/ Notional amount EUR'000	Liabilities RM'000
Interest rate swap	<u>10,000</u>	<u>1,161</u>

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 30/06/16 RM'000	As at 31/12/15 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised loss	(98,140)	(139,703)
- Unrealised profit	62,139	81,962
	(36,001)	(57,741)
Add : Consolidation adjustments	(4,721)	(5,971)
Total accumulated losses as per Statement of Financial Position	<u>(40,722)</u>	<u>(63,712)</u>