

Company No. 63611 - U

PELIKAN INTERNATIONAL CORPORATION BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

30 September 2016

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

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial period ended	
		30/9/2016 RM' 000	30/9/2015 RM' 000	30/9/2016 RM' 000	30/9/2015 RM' 000
Revenue		368,440	396,933	1,041,040	1,021,060
Other operating income		10,862	82	20,983	11,315
Expenses excluding finance cost and tax		(358,652)	(389,985)	(992,784)	(1,002,713)
Finance cost		(6,484)	(5,867)	(16,895)	(16,439)
Profit before taxation		14,166	1,163	52,344	13,223
Taxation	B1	(7,594)	(11,861)	(22,347)	(57,590)
Profit/(Loss) for the financial period		6,572	(10,698)	29,997	(44,367)
Other comprehensive income/(loss): Item that may be reclassified subsequently to profit or loss: Exchange differences on translation of foreign operations		8,670	24,642	(407)	(15,521)
Total comprehensive income/(loss) for the financial period		15,242	13,944	29,590	(59,888)
Total profit/(loss) attributable to:					
Owners of the parent		5,274	(12,286)	28,264	(45,064)
Non-controlling interests		1,298	1,588	1,733	697
		6,572	(10,698)	29,997	(44,367)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		12,926	14,094	29,151	(68,527)
Non-controlling interests		2,316	(150)	439	8,639
		15,242	13,944	29,590	(59,888)
Earnings/(Loss) per share attributable to equity holders of the parent		sen	sen	sen	sen
- Basic	B11	0.96	(2.24)	5.15	(8.22)
- Diluted	B11	0.95	Anti-dilutive	5.08	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 September 2016
The figures have not been audited.

	Note	30/9/2016 RM'000	31/12/2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		418,403	449,941
Trademarks		16,849	17,094
Development costs		3,108	4,788
Goodwill		132,962	133,960
Computer software licence		5,298	5,640
Investment in associates		-	-
Available-for-sale financial assets		2,665	2,807
Pension Trust Fund		138,184	138,184
Deferred tax assets		97,575	99,083
		<u>815,044</u>	<u>851,497</u>
Current assets			
Inventories		262,272	274,978
Receivables, deposits & prepayments		394,459	324,622
Tax recoverable		3,494	3,642
Pension Trust Fund		12,680	12,680
Deposits, cash and bank balances		59,710	71,224
		<u>732,615</u>	<u>687,146</u>
TOTAL ASSETS		<u>1,547,659</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		(89,218)	(90,105)
Equity-settled employee benefits		226	226
Accumulated losses		(35,448)	(63,712)
Treasury shares, at cost		(5,150)	(5,150)
		<u>489,297</u>	<u>460,146</u>
Non-controlling interests		3,751	3,312
Total equity		<u>493,048</u>	<u>463,458</u>
Non-current liabilities			
Post employment benefit obligations	B4		
- Removable pension liabilities		165,916	178,320
- Others		106,795	118,439
Borrowings	B2	60,926	37,432
Tax liabilities		-	36,081
Deferred tax liabilities		19,621	19,970
		<u>353,258</u>	<u>390,242</u>
Current liabilities			
Payables		281,253	237,270
Post employment benefit obligations	B4		
- Removable pension liabilities		15,927	16,157
- Others		9,585	9,724
Derivative liabilities	B13	804	1,963
Borrowings	B2	321,446	379,077
Current tax liabilities		72,338	40,752
		<u>701,353</u>	<u>684,943</u>
Total liabilities		<u>1,054,611</u>	<u>1,075,185</u>
TOTAL EQUITY AND LIABILITIES		<u>1,547,659</u>	<u>1,538,643</u>
Net assets per share attributable to owners of the parent (RM)		0.88	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 September 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 period	-	-	-	-	28,264	-	28,264	1,733	29,997
Other comprehensive income/(loss)	-	-	887	-	-	-	887	(1,294)	(407)
Total comprehensive income	-	-	887	-	28,264	-	29,151	439	29,590
At 30 September 2016	553,296	65,591	(89,218)	226	(35,448)	(5,150)	489,297	3,751	493,048
At 1 January 2015	553,296	65,591	(105,986)	226	(21,105)	(5,150)	486,872	3,982	490,854
Loss/(profit) for the financial period	-	-	-	-	(45,064)	-	(45,064)	697	(44,367)
Other comprehensive (loss)/income	-	-	(23,463)	-	-	-	(23,463)	7,942	(15,521)
Total comprehensive (loss)/income	-	-	(23,463)	-	(45,064)	-	(68,527)	8,639	(59,888)
At 30 September 2015	553,296	65,591	(129,449)	226	(66,169)	(5,150)	418,345	12,621	430,966

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 September 2016
The figures have not been audited.

	Financial period ended	
	30/9/2016	30/9/2015
	RM' 000	RM' 000
Cash Flows From Operating Activities		
Cash receipts from customers	991,752	1,011,897
Cash paid to suppliers and employees	<u>(929,398)</u>	<u>(967,400)</u>
	62,354	44,497
Interest received	437	401
Interest paid	(13,113)	(10,831)
Taxation paid	<u>(25,729)</u>	<u>(23,049)</u>
Net cash from operating activities	<u>23,949</u>	<u>11,018</u>
Cash Flows From Investing Activities		
Interest paid	(3,773)	(5,587)
Purchase of property, plant and equipment	(12,281)	(28,806)
Proceeds from disposal of property, plant and equipment	14,891	2,518
Purchase of intangible assets	(1,104)	(1,702)
Proceeds from disposal of intangible assets	199	29
Development expenses paid	-	(356)
Purchase of available-for-sale financial assets	-	(8)
Proceeds from disposal of available-for-sale financial assets	<u>140</u>	<u>-</u>
Net cash used in investing activities	<u>(1,928)</u>	<u>(33,912)</u>
Cash Flows From Financing Activities		
Deposit uplifted/(pledged)	6,495	(1,344)
Drawdown of bank borrowings	288,417	214,153
Repayment of bank borrowings	(324,848)	(183,286)
Repayment of hire purchase and lease payables	<u>(157)</u>	<u>(234)</u>
Net cash (used in)/from financing activities	<u>(30,093)</u>	<u>29,289</u>
Net (decrease)/increase in cash and cash equivalents during the financial period	(8,072)	6,395
Foreign currency translation	634	7,852
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>49,662</u>	<u>74,327</u>
Cash and cash equivalents comprise :		
Deposits, cash and bank balances	59,710	87,433
Bank overdrafts	<u>(9,769)</u>	<u>(6,495)</u>
	49,941	80,938
Less: Deposits pledged to licensed banks	<u>(279)</u>	<u>(6,611)</u>
	<u>49,662</u>	<u>74,327</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 third quarter and financial period ended 30 September 2016

A1. Basis of Preparation

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

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

A8. Dividends

No dividends have been paid during the current quarter ended 30 September 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
9 months ended 30 September 2016							
External revenue	543,683	60,689	217,119	155,954	63,595	-	1,041,040
Intersegment revenue	346,368	31,075	49,513	11,427	92,874	(531,257)	-
	<u>890,051</u>	<u>91,764</u>	<u>266,632</u>	<u>167,381</u>	<u>156,469</u>	<u>(531,257)</u>	<u>1,041,040</u>
Segment result	<u>19,999</u>	<u>1,065</u>	<u>5,202</u>	<u>42,506</u>	<u>13,806</u>	<u>(13,339)</u>	<u>69,239</u>
3 months ended 30 September 2016							
External revenue	191,148	16,555	92,150	48,491	20,096	-	368,440
Intersegment revenue	115,354	9,192	19,097	3,621	20,302	(167,566)	-
	<u>306,502</u>	<u>25,747</u>	<u>111,247</u>	<u>52,112</u>	<u>40,398</u>	<u>(167,566)</u>	<u>368,440</u>
Segment result	<u>4,301</u>	<u>2,828</u>	<u>8,354</u>	<u>12,928</u>	<u>(2,859)</u>	<u>(4,902)</u>	<u>20,650</u>

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

A9. Segment Information (cont'd)

Germany

The German segment which represents 52.2% of the Group's revenue showed a decrease in revenue of RM12.2 million (6.0%) as compared to previous year's corresponding quarter. The sales for the "back to school" season was particularly stronger in the second quarter and as a result the third quarter sales was lower.

The segment result decreased 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.

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 RM2.8 million in the current quarter.

Rest of Europe

The contribution in revenue from all other European countries, except Germany and Switzerland, represents 20.9% of the Group's total revenue.

The region's sales were lower as compared to the previous year's corresponding quarter. Despite the decreased in sales, the region had achieved better segment results of RM4.7 million as a result of lower cost base and better margin contribution in certain countries such as Spain.

Americas

Americas, which comprise 15.0% of the Group's revenue are represented by Mexico, Colombia and Argentina. The reduction in sales as compared to previous year's corresponding quarter were mainly due to the weakening of the local currencies against Ringgit Malaysia. The reduction in sales were partially offset by the positive sales growth in Argentina and Colombia.

The segment result of RM12.9 million, as a consequence, was lower than the previous year's corresponding quarter.

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

A9. Segment Information (cont'd)

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 13.4% as compared to the previous year's corresponding quarter mainly driven by the sales growth in Taiwan/China and Japan.

However, the effects of foreign exchange were unfavourable in the current quarter due to the weakened Ringgit Malaysia against United States Dollar, wherein the region incurred additional translation loss of RM3.6 million. As a consequence, the region achieved a negative segment result of RM2.9 million.

A10. Valuation of Property, Plant and Equipment

There were no valuations of property, plant and equipment during the current quarter ended 30 September 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 September 2016.

A12. Events Subsequent to the End of the Reporting Period

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

A. Notes to the Interim Financial Report
For the third quarter and financial period ended 30 September 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 (RM23.1 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 2015, Pelikan Hardcopy Scotland Limited’s (“PHSL”) retirement fund has GBP24.2 million (RM129.6 million) assets to meet its estimated pension liabilities of GBP36.1 million (RM193.3 million). An amount of GBP11.9 million (RM63.7 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	
	30/09/16	30/09/15	30/09/16	30/09/15
	RM'000	RM'000	RM'000	RM'000
Taxation charged in respect of current financial period				
- income tax	(7,281)	(11,100)	(22,594)	(56,319)
- deferred tax	(313)	(761)	247	(1,271)
	<u>(7,594)</u>	<u>(11,861)</u>	<u>(22,347)</u>	<u>(57,590)</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 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 previous year's cumulative quarter would amount to RM20.8 million.

B2. Borrowings

Details of the Group's borrowings as at 30 September 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	5,942	-	-	-	5,942
Colombian Peso	30	-	-	-	30
Euro	64,648	20,348	49,152	-	134,148
Great Britain Pound	16	-	-	969	985
Hungarian Forint	622	-	-	-	622
Mexican Peso	-	27,467	-	-	27,467
Ringgit Malaysia	7,494	11,281	-	-	18,775
US Dollar	86,422	97,176	10,805	-	194,403
Total	<u>165,174</u>	<u>156,272</u>	<u>59,957</u>	<u>969</u>	<u>382,372</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 (RM23.1 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.

B4. Post Employment Benefit Obligation

	RM'000
Payable within 12 months	25,512
Payable after 12 months	272,711
	<hr/>
	298,223
Removable Pension Liabilities:	
Liabilities assumed by Pension Trust Fund	116,756
Liabilities assumed by the Company	65,087
	<hr/>
	181,843
Other pension liabilities of the Group	116,380
	<hr/>
	298,223
	<hr/>

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 2016 were as follows:

	RM'000
Authorised and contracted for:	
Property, plant and equipment	<u>4,231</u>

B6. Review of Performance

The Group achieved revenue of RM368.4 million in the current quarter as opposed to RM396.9 million in the previous year's corresponding quarter, a decrease of 7.2%. The Group achieved a higher sales in the "back to school" season in the second quarter and a lower sales in the current quarter as the "back to school" season tapers down. The weakening of the Americas' region local currencies against Ringgit Malaysia and continuous competition of low priced and low quality compatible toner cartridges also contribute to the lower sales. The decrease was partially offset by the positive sales growth in Colombia and Asia regions.

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 RM14.2 million in the current quarter as compared to a profit before tax of RM1.2 million in the previous year's corresponding quarter.

B7. Variation of Results Against Preceding Quarter

The Group's revenue decreased to RM368.4 million in the current quarter as compared to RM387.9 million in the preceding quarter. The Group experienced a stronger sales in the second quarter for the "back to school season" as opposed to the third quarter.

As a result of the lower sales, the Group recorded a profit before taxation of RM14.2 million in the current quarter as compared to profit before taxation of RM29.6 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 autumn forecast, the economic activity is expected to pick up moderately in the euro area, with growth forecasted to rise to 1.7% in 2016 and by 1.5% in 2017. The European Union economy as a whole is expected to grow at 1.8% and 1.6% in 2016 and 2017 respectively. The German economy have forecast to achieve GDP growth of 1.9% and 1.5% in 2016 and 2017 respectively. 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 ("USD") remains mixed. The strengthening of the Euro currency against Ringgit Malaysia ("RM") would benefit the Group whilst the strengthening of the USD against RM will have a negative result on the Group. The recent spike of the USD to above RM4.4/USD will result in higher translation losses for the Group should the rate remains at this level or higher till year end. 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	
		30/09/16	30/09/15	30/09/16	30/09/15
Profit/(Loss) for the financial period attributable to equity holders of the parent	(RM'000)	5,274	(12,286)	28,264	(45,064)
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>0.96</u>	<u>(2.24)</u>	<u>5.15</u>	<u>(8.22)</u>

Diluted earnings per share:

		3 months ended		Financial period ended	
		30/09/16	30/09/15	30/09/16	30/09/15
Profit/(Loss) for the financial period attributable to equity holders of the parent	(RM'000)	5,274	(12,286)	28,264	(45,064)
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>0.95</u>	<u>Anti-dilutive</u>	<u>5.08</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	
	30/09/16	30/09/15	30/09/16	30/09/15
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period is arrived at after charging / (crediting):				
Interest income	(90)	(81)	(437)	(401)
Interest expense	6,484	5,867	16,895	16,439
Depreciation and amortisation	9,374	10,760	28,493	29,944
Impairment loss on receivables	1,388	895	645	651
(Reversal of)/Inventories write down	(1,869)	(277)	(2,009)	67
Gain on disposal of				
- Property, plant and equipment	(6,507)	998	(7,124)	667
- Intangible assets	-	(17)	-	(25)
- Available-for-sale financial assets	(1)	-	(5)	(19)
Foreign exchange loss/(gain)	<u>(2,912)</u>	<u>15,578</u>	<u>(5,988)</u>	<u>10,758</u>

B13. Derivative Liabilities

	Contract/ Notional amount EUR'000	Liabilities RM'000
Interest rate swap	<u>10,000</u>	<u>804</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 30/09/16 RM'000	As at 31/12/15 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised loss	(85,193)	(139,703)
- Unrealised profit	56,352	81,962
	(28,841)	(57,741)
Add : Consolidation adjustments	(6,607)	(5,971)
Total accumulated losses as per Statement of Financial Position	<u>(35,448)</u>	<u>(63,712)</u>