

Company No. 63611 - U

PELIKAN INTERNATIONAL CORPORATION BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

31 December 2016

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Interim report for the financial year ended 31 December 2016
The figures have not been audited.

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial year ended	
		31/12/2016 RM' 000	31/12/2015 RM' 000	31/12/2016 RM' 000	31/12/2015 RM' 000
Revenue		280,261	310,448	1,321,301	1,331,508
Other operating income		4,536	15,624	25,519	26,939
Expenses excluding finance cost and tax		(305,901)	(358,095)	(1,298,685)	(1,360,808)
Finance cost		(7,264)	(6,698)	(24,159)	(23,137)
(Loss)/Profit before taxation		(28,368)	(38,721)	23,976	(25,498)
Taxation	B1	4,807	33,061	(17,540)	(24,529)
(Loss)/Profit for the financial period		(23,561)	(5,660)	6,436	(50,027)
Other comprehensive (loss)/income:					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		13,015	36,716	12,608	21,195
Item that will not be reclassified subsequently to profit or loss:					
Actuarial (loss)/gain on defined benefit plans		(58,960)	807	(58,960)	807
Income tax		788	629	788	629
		(45,157)	38,152	(45,564)	22,631
Total comprehensive (loss)/income for the financial period		(68,718)	32,492	(39,128)	(27,396)
Total (loss)/profit attributable to:					
Owners of the parent		(23,013)	(3,896)	5,251	(48,960)
Non-controlling interests		(548)	(1,764)	1,185	(1,067)
		(23,561)	(5,660)	6,436	(50,027)
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(69,271)	36,935	(40,120)	(31,592)
Non-controlling interests		553	(4,443)	992	4,196
		(68,718)	32,492	(39,128)	(27,396)
		sen	sen	sen	sen
Earnings/(Loss) per share attributable to equity holders of the parent					
- Basic	B11	(4.20)	(0.71)	0.96	(8.93)
- Diluted	B11	Anti-dilutive	Anti-dilutive	0.95	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 31 December 2016

The figures have not been audited.

	Note	31/12/2016 RM'000	31/12/2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		423,265	449,941
Trademarks		17,227	17,094
Development costs		2,548	4,788
Goodwill		136,673	133,960
Computer software licence		5,139	5,640
Investment in associates		-	-
Available-for-sale financial assets		2,725	2,807
Pension Trust Fund		134,172	138,184
Deferred tax assets		98,179	99,083
		<u>819,928</u>	<u>851,497</u>
Current assets			
Inventories		260,181	274,978
Receivables, deposits & prepayments		336,437	324,622
Tax recoverable		2,557	3,642
Pension Trust Fund		16,692	12,680
Deposits, cash and bank balances		62,898	71,224
		<u>678,765</u>	<u>687,146</u>
TOTAL ASSETS		<u>1,498,693</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		(77,558)	(90,105)
Equity-settled employee benefits		226	226
Accumulated losses		(116,426)	(63,712)
Treasury shares, at cost		(5,150)	(5,150)
		<u>419,979</u>	<u>460,146</u>
Non-controlling interests		4,351	3,312
Total equity		<u>424,330</u>	<u>463,458</u>
Non-current liabilities			
Post employment benefit obligations	B4		
- Removable pension liabilities		175,932	178,320
- others		169,400	118,439
Borrowings	B2	48,284	37,432
Tax liabilities		-	36,081
Deferred tax liabilities		3,240	19,970
		<u>396,856</u>	<u>390,242</u>
Current liabilities			
Payables		232,422	237,270
Post employment benefit obligations	B4		
- Removable pension liabilities		16,292	16,157
- others		14	9,724
Derivative liabilities	B13	412	1,963
Borrowings	B2	361,104	379,077
Current tax liabilities		67,263	40,752
		<u>677,507</u>	<u>684,943</u>
Total liabilities		<u>1,074,363</u>	<u>1,075,185</u>
TOTAL EQUITY AND LIABILITIES		<u>1,498,693</u>	<u>1,538,643</u>
Net assets per share attributable to owners of the parent (RM)		0.76	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 year ended 31 December 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	-	-	-	-	5,251	-	5,251	1,185	6,436
Other comprehensive income/(loss)	-	-	12,547	-	(57,918)	-	(45,371)	(193)	(45,564)
Total comprehensive income/(loss)	-	-	12,547	-	(52,667)	-	(40,120)	992	(39,128)
Dilution/Accretion from changes in subsidiary's stake	-	-	-	-	(47)	-	(47)	47	-
At 31 December 2016	553,296	65,591	(77,558)	226	(116,426)	(5,150)	419,979	4,351	424,330
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	-	-	-	-	(48,960)	-	(48,960)	(1,067)	(50,027)
Other comprehensive income	-	-	15,881	-	1,487	-	17,368	5,263	22,631
Total comprehensive income/(loss)	-	-	15,881	-	(47,473)	-	(31,592)	4,196	(27,396)
Accretion/(Dilution) from changes in subsidiary's stake	-	-	-	-	4,866	-	4,866	(4,866)	-
At 31 December 2015	553,296	65,591	(90,105)	226	(63,712)	(5,150)	460,146	3,312	463,458

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 year ended 31 December 2016
The figures have not been audited.

	Financial year ended	
	31/12/2016 RM' 000	31/12/2015 RM' 000
Cash Flows From Operating Activities		
Cash receipts from customers	1,346,319	1,427,022
Cash paid to suppliers and employees	<u>(1,286,789)</u>	<u>(1,348,766)</u>
	59,530	78,256
Interest received	643	703
Interest paid	(19,942)	(15,878)
Taxation paid	<u>(26,396)</u>	<u>(25,991)</u>
Net cash from operating activities	<u>13,835</u>	<u>37,090</u>
Cash Flows From Investing Activities		
Interest paid	(4,078)	(7,259)
Purchase of property, plant and equipment	(18,649)	(24,508)
Proceeds from disposal of property, plant and equipment	17,280	1,434
Purchase of intangible assets	(1,381)	(1,857)
Proceeds from disposal of intangible assets	-	43
Development expenses paid	-	(417)
Proceeds from disposal of available-for-sale financial assets	<u>142</u>	<u>35</u>
Net cash used in investing activities	<u>(6,686)</u>	<u>(32,529)</u>
Cash Flows From Financing Activities		
Deposit uplifted/(pledged)	6,494	(1,507)
Drawdown of bank borrowings	409,848	287,497
Repayment of bank borrowings	(428,990)	(290,282)
Repayment of hire purchase and lease payables	<u>(303)</u>	<u>(332)</u>
Net cash used in financing activities	<u>(12,951)</u>	<u>(4,624)</u>
Net decrease in cash and cash equivalents during the financial year	(5,802)	(63)
Foreign currency translation	(511)	(2,917)
Cash and cash equivalents at beginning of the financial year	<u>57,100</u>	<u>60,080</u>
Cash and cash equivalents at end of the financial year	<u><u>50,787</u></u>	<u><u>57,100</u></u>
Cash and cash equivalents comprise :		
Deposits, cash and bank balances	62,898	71,224
Bank overdrafts	<u>(11,831)</u>	<u>(7,350)</u>
	51,067	63,874
Less: Deposits pledged to licensed banks	<u>(280)</u>	<u>(6,774)</u>
	<u><u>50,787</u></u>	<u><u>57,100</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 fourth quarter and financial year ended 31 December 2016

A1. Basis of Preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 31 December 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 31 December 2016.

A6. Material Changes in Estimates

During the financial period, the Group reviewed the residual values and remaining useful lives of certain property, plant and equipment. As a result, the depreciation charges for the financial year have been reduced by RM8.0 million.

Other than above, there were no material changes in estimates of amounts reported in prior interim periods of the current financial year or prior financial years.

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 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 31 December 2016.

A8. Dividends

No dividends have been paid during the current quarter ended 31 December 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
12 months ended							
31 December							
2016							
External revenue	685,910	78,707	268,924	206,024	81,736	-	1,321,301
Intersegment revenue	417,638	37,961	60,350	13,950	113,986	(643,885)	-
	<u>1,103,548</u>	<u>116,668</u>	<u>329,274</u>	<u>219,974</u>	<u>195,722</u>	<u>(643,885)</u>	<u>1,321,301</u>
Segment result	<u>8,017</u>	<u>(4,297)</u>	<u>2,076</u>	<u>57,758</u>	<u>1,996</u>	<u>(17,415)</u>	<u>48,135</u>
3 months ended							
31 December							
2016							
External revenue	142,227	18,018	51,805	50,070	18,141	-	280,261
Intersegment revenue	71,270	6,886	10,837	2,523	21,112	(112,628)	-
	<u>213,497</u>	<u>24,904</u>	<u>62,642</u>	<u>52,593</u>	<u>39,253</u>	<u>(112,628)</u>	<u>280,261</u>
Segment result	<u>(11,982)</u>	<u>(5,362)</u>	<u>(3,126)</u>	<u>15,252</u>	<u>(11,810)</u>	<u>(4,076)</u>	<u>(21,104)</u>

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 2016

A9. Segment Information (cont'd)

Germany

The German segment which represents 51.9% of the Group's revenue showed a decrease in revenue of RM11.5 million (7.5%) as compared to previous year's corresponding quarter. The reduction is partly attributable to the focus on branded sales and reduction of lower margin non-profitable stock keeping units ("SKU").

The segment suffered a segment loss of RM12.0 million mainly due to the negative results of the production functions and the services organisation during the current quarter. However, despite the lower sales, the region's segment loss were lower by RM14.5 million as compared to the previous year's corresponding quarter, mainly due to reduction in certain operational costs and personnel expenses.

Switzerland

The Swiss market sales were generally lower in the current quarter compared to the previous year's corresponding quarter. The toner plant has ceased operations towards end of 2015 and as a consequence, there were no toner powder sales this quarter as compared to previous year's corresponding quarter. The segment suffered a loss of RM5.4 million in the current quarter.

Rest of Europe

The contribution in revenue from all other European countries, except Germany and Switzerland, represents 20.4% of the Group's total revenue.

The region's sales were lower as compared to the previous year's corresponding quarter. Despite the decrease in sales, the region's segment loss were lower than the previous year's corresponding quarter as a result of lower cost base.

Americas

Americas, which comprise 15.6% of the Group's revenue are represented by Mexico, Colombia and Argentina. The region achieved growth in local currency ranging from 17% to 28% as compared to previous year's corresponding quarter in all countries, with good revenue growth in particular for school product segment as the brand is well established in the market. The positive growth were affected by the weakening of the local currencies against Ringgit Malaysia ("RM"), which resulted in overall re-translated sales growth of 6.1% only in the current quarter as compared to previous year's corresponding quarter.

The segment results improved from segment result of RM6.8 million in previous year's corresponding quarter to RM15.3 million in the current quarter mainly due to the improved sales and reduction in certain operational costs and personnel expenses.

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 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 lower sales of approximately RM1.8 million as compared to previous year's corresponding quarter mainly due to the decrease in sales in Japan and Taiwan/China, resulted from higher number of product launches/special launches in the last quarter of 2015 as opposed to the last quarter of 2016.

The effects of foreign exchange were unfavourable in the current quarter due to the weakened Ringgit Malaysia against United States Dollar, wherein the Company incurred additional translation loss for its USD denominated borrowings of RM15.8 million in the current quarter. As a consequence, the region achieved a negative segment result of RM11.8 million.

A10. Valuation of Property, Plant and Equipment

There were no valuations of property, plant and equipment during the current quarter ended 31 December 2016.

A11. Changes in the Composition of the Group

On 30 December 2016, the Company transferred its entire equity stake in Pelikan Taiwan Co., Ltd to Pelikan AG, a 97.12% owned subsidiary of the Company. Arising thereto, the effective interest of the Group on Pelikan Taiwan Co., Ltd changed from 100% to 97.12%.

Other than above, there were no other changes in the composition of the Group during the current quarter ended 31 December 2016.

A12. Events Subsequent to the End of the Reporting Period

There were no event subsequent to the financial year ended 31 December 2016.

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 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 (RM23.6 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 2016, Pelikan Hardcopy Scotland Limited’s (“PHSL”) retirement fund has GBP24.5 million (RM135.1 million) assets to meet its estimated pension liabilities of GBP45.9 million (RM253.1 million). The Company provided a guarantee of GBP12.6 million for the shortfall. An amount of GBP21.4 million (RM118.0 million) has been recognised as a pension liability of the Group for the financial year ended 31 December 2016 in accordance with the MFRS 119 Employee Benefits.

The increase in the pension liability as at 31 December 2016 is primarily resulted from the reduction in gilt yields following United Kingdom’s referendum to exit European Union.

Whilst the pension payouts continue to be made out of the pension assets, the Group is looking at various options for the pension scheme in the longer term.

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

B1. Taxation

	3 months ended		Financial year ended	
	31/12/16	31/12/15	31/12/16	31/12/15
	RM'000	RM'000	RM'000	RM'000
Taxation charged in respect of current financial period				
- income tax	5,230	(15,094)	(17,364)	(71,413)
- deferred tax	(423)	48,155	(176)	46,884
	<u>4,807</u>	<u>33,061</u>	<u>(17,540)</u>	<u>(24,529)</u>

For the current quarter under review, the Group is in a tax credit position mainly due to overprovision of previous years' tax.

For the cumulative year ended 31 December 2016, 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.

B2. Borrowings

Details of the Group's borrowings as at 31 December 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	6,949	-	-	-	6,949
Colombian Peso	4	-	-	-	4
Euro	108,272	17,311	42,601	-	168,184
Great Britain Pound	11	5,481	-	640	6,132
Mexican Peso	-	28,053	-	-	28,053
Polish Zloty	-	348	-	-	348
Ringgit Malaysia	311	8,854	-	-	9,165
Swiss Franc	-	-	-	-	-
US Dollar	91,629	93,881	5,043	-	190,553
Total	<u>207,176</u>	<u>153,928</u>	<u>47,644</u>	<u>640</u>	<u>409,388</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 (RM23.6 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	16,306
Payable after 12 months	345,332
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	361,638
Removable Pension Liabilities:	
Liabilities assumed by Pension Trust Fund	127,137
Liabilities assumed by the Company	65,087
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	192,224
Other pension liabilities of the Group	169,414
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	361,638
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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 31 December 2016 were as follows:

	RM'000
Authorised and contracted for:	
Property, plant and equipment	<u>1,573</u>
Authorised but not contracted for:	
Property, plant and equipment	<u>1,506</u>

B6. Review of Performance

The Group achieved revenue of RM280.3 million in the current quarter as opposed to RM310.4 million in the previous year's corresponding quarter, a decrease of 9.7%. The last quarter sales were affected by lower currency translation for sales in the Americas' region. The Americas' region had achieved real sales growth in local currency ranging from 17% to 28% as compared to previous year's corresponding quarter.

On a full year basis, positive revenue growth were seen in Americas and Rest of World regions. However, as mentioned above, the weakening of Americas' region local currencies against Ringgit Malaysia had overall resulted in the lower re-translated sales. The Group has managed to turnaround to profitability by achieving a profit before taxation of RM24.0 million in the current year as opposed to a loss before taxation of RM25.5 million in the previous year. Overall, gross margins and operating profit have improved as a result of better product mix and lower operating cost. Notwithstanding this, the Company had incurred foreign exchange translation loss of around RM8.3 million on its USD denominated borrowings, as otherwise the profit before taxation would be even higher.

B7. Variation of Results Against Preceding Quarter

The Group's revenue decreased to RM280.3 million in the current quarter as compared to RM368.4 million in the preceding quarter. The devaluation in the local currencies in Americas' region and also the lower seasonality of stationery sales towards the year end had contributed to the lower revenue.

The Group recorded a loss before taxation of RM28.4 million in the current quarter. The losses were mainly attributable to the lower sales contribution achieved from the reduced sales of RM88.1 million as compared to the preceding quarter.

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

B8. Prospects

At present, the global economic outlook is surrounded by a high degree of uncertainty. It was a difficult year for the European economy in 2016 having to cope with numerous international and domestic challenges, including the lowest pace of global and trade growth since 2009, geopolitical tensions, terrorist attacks in several European states, stressed banking sectors, United Kingdom's vote to leave the European Union ("EU"), and a mounting backlash against globalisation. Overall, according to the European Commission's winter 2017 forecast, after the 1.7% growth in 2016, euro area GDP growth is set at 1.6% in 2017 and then pick up slightly to 1.8% in 2018. Global GDP growth is projected to strengthen in 2017 and 2018, following the expectation that the Global GDP have reached a low point in 2016. Growth outside the EU is projected to pick up to 3.7% and 3.9% in 2017 and 2018 respectively as compared to 3.2% in 2016.

The German economy have forecast to achieve GDP growth of 1.6% and 1.8% in 2017 and 2018 respectively. 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.

Based on the International Monetary Fund, growth forecasts for 2017 were revised down in a number of regions, such as the Middle East and the Americas' region. In the Americas' region, the growth downgrade reflects to an important extent more muted expectations of short-term recovery in Argentina and Brazil following weaker-than expected growth outturns in the second half of 2016, tighter financial conditions and increased headwinds from United States related uncertainty in Mexico, and continued deterioration in Venezuela. The economic activity for Mexico is projected at 1.7% for 2017 and 2.0% in 2018. Nevertheless, the Group remains optimistic its performance in the Americas' region with the strong brand presence and recognition in the region.

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 Ringgit Malaysia ("RM") will have a negative result on the Group. The negative developments of the 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.

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

B9. Dividend

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

B10. Variance on Profit Forecast / Shortfall in Profit Guarantee

Not applicable.

B11. (Loss)/Earnings Per Share

Basic (loss)/earnings per share:		3 months ended		Financial year ended	
		31/12/16	31/12/15	31/12/16	31/12/15
(Loss)/Profit for the financial period attributable to equity holders of the parent	(RM'000)	(23,013)	(3,896)	5,251	(48,960)
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 (loss)/earnings per share	(sen)	<u>(4.20)</u>	<u>(0.71)</u>	<u>0.96</u>	<u>(8.93)</u>
Diluted earnings per share:		3 months ended		Financial year ended	
		31/12/16	31/12/15	31/12/16	31/12/15
(Loss)/Profit for the financial period attributable to equity holders of the parent	(RM'000)	(23,013)	(3,896)	5,251	(48,960)
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)	6,590	6,590	6,590	6,590
		<u>554,658</u>	<u>554,658</u>	<u>554,658</u>	<u>554,658</u>
Diluted earnings per share	(sen)	<u>Anti-dilutive</u>	<u>Anti-dilutive</u>	<u>0.95</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 year ended	
	31/12/16	31/12/15	31/12/16	31/12/15
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period is arrived at after charging / (crediting):				
Interest income	(206)	(302)	(643)	(703)
Interest expense	7,264	6,698	24,159	23,137
Depreciation and amortisation	2,509	10,612	31,002	40,556
Impairment/(Reversal of) loss on receivables	915	(93)	1,560	558
(Reversal of)/Inventories write down	(2,216)	(1,794)	(4,225)	(1,727)
(Gain)/Loss on disposal of				
- Property, plant and equipment	(461)	1,369	(7,585)	2,036
- Intangible assets	201	(18)	201	(43)
- Available-for-sale financial assets	-	19	(5)	-
Foreign exchange (gain)/loss	6,597	(6,267)	609	4,491

B13. Derivative Liabilities

	Contract/ Notional amount EUR'000	Liabilities RM'000
Interest rate swap	10,000	412

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 31/12/16 RM'000	As at 31/12/15 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised loss	(176,785)	(139,703)
- Unrealised profit	65,527	81,962
	(111,258)	(57,741)
Add : Consolidation adjustments	(5,168)	(5,971)
Total accumulated losses as per Statement of Financial Position	<u>(116,426)</u>	<u>(63,712)</u>