Company No. 63611 - U

PELIKAN INTERNATIONAL CORPORATION BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

30 JUNE 2018

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Interim report for the financial period ended 30 June 2018
The figures have not been audited.

		Individual Quarter 3 months ended		Cumulative Quarter Financial period ended	
	Note	**30/06/2018 RM' 000**	**30/06/2017 RM' 000**	**30/06/2018 RM' 000**	**30/06/2017 RM' 000**
Revenue		336,780	350,468	580,171	605,906
Other operating income		7,476	7,660	15,325	13,770
Expenses excluding finance costs and tax		(313,199)	(318,524)	(552,985)	(562,852)
Finance costs		(6,600)	(6,091)	(12,206)	(11,811)
Profit before tax		24,457	33,513	30,305	45,013
Tax expense	B1	(7,657)	(6,121)	(10,854)	(8,989)
Profit from continuing operations		16,800	27,392	19,451	36,024
Discontinued operations:					
Loss from discontinued operations, net of tax		-	(10,801)	-	(18,355)
Profit for the financial period		16,800	16,591	19,451	17,669
Other comprehensive (loss)/income:					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(10,434)	(3,217)	(11,952)	5,757
Total comprehensive income for the financial period		6,366	13,374	7,499	23,426
Total profit/(loss) attributable to:					
Owners of the parent					
- from continuing operations		16,425	27,653	19,164	36,216
- from discontinued operations		-	(10,801)	-	(18,355)
		16,425	16,852	19,164	17,861
Non-controlling interests		375	(261)	287	(192)
		16,800	16,591	19,451	17,669
Total comprehensive income/(loss) attributable to:					
Owners of the parent		6,891	13,444	7,931	24,352
Non-controlling interests		(525)	(70)	(432)	(926)
		6,366	13,374	7,499	23,426
		sen	sen	sen	sen
Basic earnings per ordinary share attributable to equity holders of the parent	B11	3.00	3.07	3.49	3.26

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 2018
The figures have not been audited.

	Note	30/06/2018 RM'000	31/12/2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		380,120	400,982
Trademarks		17,175	17,748
Development costs		2,768	3,099
Goodwill		130,608	133,656
Computer software licence		3,965	4,928
Investment in associates		-	-
Available-for-sale financial assets		2,375	2,467
Pension Trust Fund		134,608	134,608
Deferred tax assets		113,624	116,905
		785,243	814,393
Current assets			
Inventories		278,974	250,654
Receivables, deposits & prepayments		334,339	322,264
Tax recoverable		5,257	7,703
Pension Trust Fund		16,256	16,256
Deposits, cash and bank balances		59,857	52,414
		694,683	649,291
TOTAL ASSETS		**1,479,926**	**1,463,684**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		618,887	618,887
Foreign currency translation reserves		(73,276)	(62,043)
Equity-settled employee benefits		-	226
Accumulated losses		(85,690)	(105,080)
Treasury shares, at cost		(5,150)	(5,150)
		454,771	446,840
Non-controlling interests		(148)	284
Total equity		454,623	447,124
Non-current liabilities			
Post employment benefit obligations	B4		
- Removable pension liabilities		168,584	181,526
- Others		126,199	129,704
Borrowings	B2	99,449	49,684
Deferred tax liabilities		17,520	17,042
		411,752	377,956
Current liabilities			
Payables		203,739	209,516
Borrowings	B2	372,282	388,954
Current tax liabilities		37,530	40,134
		613,551	638,604
Total liabilities		1,025,303	1,016,560
TOTAL EQUITY AND LIABILITIES		**1,479,926**	**1,463,684**
Net assets per share attributable to owners of the parent (RM)		0.82	0.81

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 2018
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	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 2018	618,887	-	(62,043)	226	(105,080)	(5,150)	446,840	284	447,124
Profit for the financial period	-	-	-	-	19,164	-	19,164	287	19,451
Other comprehensive (loss)/income	-	-	(11,233)	-	-	-	(11,233)	(719)	(11,952)
Total comprehensive (loss)/income	-	-	(11,233)	-	19,164	-	7,931	(432)	7,499
Transaction with owners:									
ESOS lapsed	-	-	-	(226)	226	-	-	-	-
At 30 June 2018	618,887	-	(73,276)	-	(85,690)	(5,150)	454,771	(148)	454,623
At 1 January 2017	553,296	65,591	(76,829)	226	(116,426)	(5,150)	420,708	3,621	424,329
Adjustments of effects of Companies Act 2016 (Note a)	65,591	(65,591)	-	-	-	-	-	-	-
Profit/(Loss) for the financial period	-	-	-	-	17,861	-	17,861	(192)	17,669
Other comprehensive income/(loss)	-	-	6,491	-	-	-	6,491	(734)	5,757
Total comprehensive income/(loss)	-	-	6,491	-	17,861	-	24,352	(926)	23,426
At 30 June 2017	618,887	-	(70,338)	226	(98,565)	(5,150)	445,060	2,695	447,755

Note a
With the introduction of the Companies Act 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. Consequently, balance within the share premium account of RM65,590,691 has been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. Notwithstanding this provision, the Company may utilise its share premium account for purposes stipulated in Section 618(3) of the Companies Act 2016 for a transitional period of 24 months from 31 January 2017.

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 2017 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 2018
The figures have not been audited.

	Financial period ended	
	30/06/2018	**30/06/2017**
	RM' 000	**RM' 000**
Cash Flows From Operating Activities		
Cash receipts from customers	574,333	627,917
Cash paid to suppliers and employees	(585,753)	(638,161)
	(11,420)	(10,244)
Interest received	104	877
Interest paid	(11,288)	(11,657)
Taxation paid	(9,393)	(42,876)
Net cash used in operating activities	(31,997)	(63,900)
Cash Flows From Investing Activities		
Interest paid	(943)	(443)
Purchase of property, plant and equipment	(3,084)	(9,296)
Proceeds from disposal of property, plant and equipment	1,357	3,339
Purchase of intangible assets	(583)	(191)
Proceeds from disposal of intangible assets	152	3
Net cash used in investing activities	(3,101)	(6,588)
Cash Flows From Financing Activities		
Drawdowns of bank borrowings	373,463	284,143
Repayments of bank borrowings	(331,994)	(230,037)
Repayments of hire purchase and lease payables	(1,360)	(103)
Net cash from financing activities	40,109	54,003
Net increase/(decrease) in cash and cash equivalents during the financial period	5,011	(16,485)
Effects of exchange rate changes on cash and cash equivalents	1,311	(1,219)
Cash and cash equivalents at beginning of the financial period	42,461	50,786
Cash and cash equivalents at end of the financial period	48,783	33,082
Cash and cash equivalents comprise :		
Deposits, cash and bank balances	59,857	45,355
Bank overdrafts	(10,058)	(11,993)
	49,799	33,362
Less: Deposits pledged to licensed banks	(1,016)	(280)
	48,783	33,082

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 2018

A1. Basis of Preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 30 June 2018 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 2017.

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 2017.

In the current financial period, the Group has applied a number of new and revised MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2018.

MFRSs, Amendments to MFRSs and IC Interpretations

Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB)
MFRS 15	Revenue from Contracts with Customers (and the related Clarifications)
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements to MFRSs 2014 - 2016 Cycle)
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above did not have any significant effect on the interim financial report upon their initial application. The Group has adopted the standards retrospectively from 1 January 2018, with the practical expedients permitted under the standards. Comparatives for 2017 are not restated.

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2018

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 2017 was not subject to any qualification and did not include any adverse comments made under subsection (3) of Section 266 of the Companies Act 2016.

A4. Seasonality or Cyclicality 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.

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 2018.

A6. Material Changes in Estimates

There were no material changes in estimates of amounts reported in prior interim periods of the current financial period or prior financial years.

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 2018.

A8. Dividends

No dividends have been paid during the current quarter ended 30 June 2018.

A9. Segment Information

	Germany 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 2018						
External revenue	336,346	112,181	100,799	30,845	-	580,171
Intersegment revenue	207,615	19,242	8,104	78,717	(313,678)	-
	543,961	131,423	108,903	109,562	(313,678)	580,171
Segment result	23,612	2,665	16,959	7,137	(7,862)	42,511

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2018

A9. Segment Information (cont'd)

	Germany RM'000	Rest of Europe RM'000	Americas RM'000	Rest of World RM'000	Elimination RM'000	Group RM'000
3 months ended 30 June 2018						
External revenue	207,480	63,419	49,427	16,454	-	336,780
Intersegment revenue	122,845	9,355	3,310	38,805	(174,315)	-
	330,325	72,774	52,737	55,259	(174,315)	336,780
Segment result	23,765	5,265	12,042	(4,250)	(5,765)	31,057

Germany

The German segment which represents 58.0% of the Group's revenue showed an increase in revenue of RM3.6 million as compared to the previous year's corresponding quarter (adjusted for discontinued business). The "back to school" season has started with high sales in particular month of June as compared to season peaks starting from May last year. The segment results improved slightly as compared to the previous year's corresponding quarter.

Rest of Europe

The contribution in revenue from all other European countries, except Germany, represents 19.3% of the Group's total revenue.

In mid-2018, the European economic outlook remains solid but has moved into a lower gear compared to previous year's corresponding quarter. The slowdown of European economic activity was mainly due to a number of temporary factors (such as unusual weather conditions, strikes in certain countries, the timing of Easter and a wave of influenza-related sick leaves), escalation of trade tension, oil prices continued their rising trend and political uncertainty in certain countries. These factors, coupled with the weakening of the Euro currency against Ringgit Malaysia as compared to previous year's corresponding quarter has resulted in the overall decrease in translated revenues.

The unfavourable effects of the foreign exchange in previous year's corresponding quarter due to the weakened of Swiss Franc against Euro, were normalised in the current quarter, which resulted in a better segment results in the current quarter.

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2018

A9. Segment Information (cont'd)

Americas

Americas, which comprise 17.4% 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 slowing down of domestic consumption in Mexico due to the negotiations of the North American Free Trade Agreement ("NAFTA") and deferral of certain recurring orders by customer to the next quarter of the year. Sales performance in Colombia shows positive sales growth of 15.6% and 13.2% as compared to previous year's corresponding quarter in the export and local market respectively.

Despite the reduction in sales, the region had achieved segment results of RM12.0 million in the current quarter, as compared to RM9.9 million in the previous year's corresponding quarter due to the normalisation of translation loss on foreign exchange in previous year's corresponding quarter from the strengthening of Mexican Peso against United States Dollar ("USD").

Rest of World

Rest of World which comprise 5.3% of the Group's revenue consist mainly countries such as Japan, Taiwan/China, South East Asia and Middle East. These markets are relatively stable and growing albeit its' small percentage over the sales of the Group. However, in the current quarter, the segment revenue was lower by 20.9% as compared to the previous year's corresponding quarter as a result of more apparent direct import activities via other regions for the China markets due to the high demand for our products.

The effects of foreign exchange were unfavourable in the current quarter due to the weakened Ringgit Malaysia against USD, wherein the Company incurred additional translation loss for its USD denominated borrowings in the current quarter. As a consequence, the region achieved a negative segment result of RM4.3 million.

A10. Valuation of Property, Plant and Equipment

There were no valuations of property, plant and equipment during the current quarter ended 30 June 2018.

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2018

A11. Changes in the Composition of the Group

On 31 May 2018, the Group disposed off Mercoline GmbH, a wholly owned subsidiary of Pelikan Group GmbH to a third party.

Other than above, there were no changes in the composition of the Group during the current quarter ended 30 June 2018.

A12. Events Subsequent to the End of the Reporting Period

There were no event subsequent to the financial period ended 30 June 2018.

A13. Contingent Liabilities

The Group still has several legal claims brought by Original Equipment Manufacturers ("OEM") for perceived breach of patents related to the discontinued printer consumable business with an assessed potential maximum exposure of EUR2.5 million (RM11.8 million). 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 be successfully defended, especially when it has now exited the printer consumable business. In the opinion of the management, the lawsuits, claims and proceedings which are pending against the Group will not have a material effect on the Group.

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

B1. Tax Expense

	3 months ended		Financial period ended	
	30/06/18	**30/06/17**	**30/06/18**	**30/06/17**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax expense charged in respect of current financial period				
- income tax	(7,237)	(6,221)	(10,434)	(9,914)
- deferred tax	(420)	(78)	(420)	726
	(7,657)	(6,299)	(10,854)	(9,188)
Tax expense on				
- continuing operations	(7,657)	(6,121)	(10,854)	(8,989)
- discontinued operations	-	(178)	-	(199)
	(7,657)	(6,299)	(10,854)	(9,188)

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 30 June 2018 are as set out below:

	Short Term		Long Term		Total
	Secured	**Unsecured**	**Secured**	**Unsecured**	
Currency	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Argentina Peso	4,752	-	-	-	4,752
Colombian Peso	18	-	-	-	18
Euro	165,255	18,849	88,449	-	272,553
Hungarian Forint	1,281	-	-	-	1,281
Mexican Peso	-	26,730	-	-	26,730
Polish Zloty	-	3,583	-	-	3,583
Ringgit Malaysia	24,510	750	11,000	-	36,260
US Dollar	82,424	44,130	-	-	126,554
Total	278,240	94,042	99,449	-	471,731

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

B3. Material Litigation

The Group still has several legal claims brought by Original Equipment Manufacturers ("OEM") for perceived breach of patents related to the discontinued printer consumable business with an assessed potential maximum exposure of EUR2.5 million (RM11.8 million). 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 be successfully defended, especially when it has now exited the printer consumable business. 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 Obligations

	RM'000
Removable Pension Liabilities:	
Liabilities funded by Pension Trust Fund	103,497
Liabilities assumed by the Company	65,087
	168,584
Other post-employment benefit obligations of the Group	126,199
	294,783

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 2018 were as follows:

	RM'000
Authorised and contracted for:	
Property, plant and equipment	8,093
Authorised but not contracted for:	
Property, plant and equipment	188

B6. Review of Performance

The Group achieved a continuing revenue of RM336.8 million in the current quarter as opposed to RM350.5 million in the previous year's corresponding quarter. The Group's key market in Germany achieved positive increase in sales, whilst the achievement in other Europe and Americas regions were negatively impacted by the challenging market conditions from the slowdown of European economic activity and domestic consumption in Mexico due to the NAFTA and the strengthening of the Ringgit Malaysia against local currencies such as Mexican Peso, Argentine Peso and Colombian Peso.

The Group recorded a profit before tax of RM24.5 million in the current quarter. The lower results were mainly attributable to the lower sales contribution achieved from the reduced sales and foreign exchange loss of translation in the current quarter mainly attributable to the unrealised loss on USD denominated borrowings.

B7. Variation of Results Against Preceding Quarter

	Current Quarter 30/06/18 RM'000	**Immediate Preceding Quarter 31/03/18 RM'000**	**Changes %**
Revenue	336,780	243,391	+38.4
Profit before interest and tax	31,057	11,454	+>100.0
Profit before tax	24,457	5,848	+>100.0
Profit from continuing operations	16,800	2,651	+>100.0

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

B7. Variation of Results Against Preceding Quarter (cont'd)

The Group's continued revenue increased to RM336.8 million in the current quarter as compared to RM243.4 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 tax of RM24.5 million in the current quarter as compared to a profit before tax of RM5.8 million in the preceding quarter. The improvement in results were partially offsetted by foreign exchange losses of RM3.3 million in the current quarter as opposed to a foreign exchange gain in the preceding quarter.

B8. Prospects

According to the European Commission's autumn 2018 forecast, following five consecutive quarters of vigorous GDP growth, economic momentum in the euro area moderated in the first half of the year. GDP growth eased to 0.4% (q-o-q) in the first quarter and the evidence available so far suggests that this softness extended into the second quarter. The slowdown of European economic activity was mainly due to a number of temporary factors (such as unusual weather conditions, strikes in certain countries, the timing of Easter and a wave of influenza-related sick leaves), escalation of trade tension, oil prices continued their rising trend and political uncertainty in certain countries. Nevertheless, the fundamentals for sustained growth in Europe remain in place as the euro economy continues to benefit from supportive monetary conditions, with low financing costs for companies and governments, brightening labour market conditions, as well as improving household balance sheets and still elevated levels of consumer confidence, which should ensure continued private consumption growth going forward. Finally, while the support from external environment is subject to great uncertainty in view of the current trade policy tensions, the direct impact of protectionist measures so far remains limited and the baseline forecast continues to see an expansion in global trade this year and next, which should ensure continued demand for European goods and services.

Overall, euro area and EU economies are set to continue expanding this year and in 2019, but at a more moderate pace than in 2017 when growth was the fastest in a decade. Mirroring the weaker-than-expected activity in the first half of the year, the outlook for GDP growth in the euro area and the EU in 2018 has been revised to 2.1% down by 0.2% compared to the spring forecast, and remains unchanged at 2.0% in 2019. As for the German economy, which is the largest market for the Group, real GDP is now expected to increase by 1.9% in 2018 and 2019, a downward revision compared to the spring forecast.

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

B8. Prospects (cont'd)

Based on the World Economic Outlook Update ("WEO"), July 2018, published by the International Monetary Fund, growth in Americas' region is projected to increase modestly from 1.3% in 2017 to 1.6% in 2018, and further 2.6% in 2019 (0.4% and 0.2% lower than projected in April WEO). As published in the WEO July 2018, while higher commodity prices continue to provide support for the commodity exporters in the region, the subdued outlook compared to April reflects more difficult prospects for key economies, owing to tighter financial conditions and needed policy adjustment (Argentina) and trade tensions and prolonged uncertainty surrounding the NAFTA renegotiation and the policy agenda of the new government (Mexico).

Apart from the challenging economic outlook, the current negative development of the Americas' region currencies and the strengthening of the USD against Ringgit Malaysia will result in lower translated profit for the Group.

Nevertheless, the Group believe that the strong fundamentals and foundation of our branding and marketing efforts, research and development, product innovation and distribution channels will set the Group up for weathering challenging market conditions ahead. The Group remains optimistic of its performance in the key regions due to the strong brand presence and recognition in the respective regions. The Group will further accelerate the China market expansion via new investments in the distribution market including exploring a potential listing of its subsidiaries in a recognised exchange.

The Group is now fully focused in the stationery business mainly through the Pelikan Group GmbH Group. The focus to bring relevant products into the markets in particular branded products shall remain as the 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 Ordinary Share

Basic earnings/(loss) per ordinary share:	**3 months ended**		**Financial period ended**	
	30/06/18	**30/06/17**	**30/06/18**	**30/06/17**
Profit attributable to owners of the parent (RM'000)	16,425	16,852	19,164	17,861
from continuing operations (RM'000)	16,425	27,653	19,164	36,216
from discontinued operations (RM'000)	-	(10,801)	-	(18,355)
Weighted average number of ordinary shares in issue ('000)	548,368	548,368	548,368	548,368
Basic earnings/(loss) per ordinary share (sen)	3.00	3.07	3.49	3.26
from continuing operations (sen)	3.00	5.04	3.49	6.60
from discontinued operations (sen)	-	(1.97)	-	(3.34)

B12. Additional Notes to the Statement of Comprehensive Income

	3 months ended		**Financial period ended**	
	30/06/18	**30/06/17**	**30/06/18**	**30/06/17**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax is arrived at after charging/(crediting):				
Interest income	(55)	(515)	(104)	(877)
Interest expense	6,600	6,091	12,206	11,811
Depreciation and amortisation	7,014	7,039	13,921	13,748
Impairment loss on receivables	439	183	664	470
Inventories write down	19	753	38	819
Loss/(Gain) on disposal of property, plant and equipment	148	(111)	13	(2,096)
Foreign exchange loss/(gain)	3,298	(5,272)	(29)	(4,102)