

Registration No.: 198001009827 (63611 - U)

**PELIKAN INTERNATIONAL CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

**INTERIM FINANCIAL REPORT**

**31 MARCH 2021**

**PELIKAN INTERNATIONAL CORPORATION BERHAD (Registration No.: 198001009827 (63611-U))**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
Interim report for the financial period ended 31 March 2021  
*The figures have not been audited.*

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial period ended	
		31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
Revenue		202,410	207,278	202,410	207,278
Other operating income		5,027	9,270	5,027	9,270
Expenses excluding finance costs and tax		(212,744)	(218,574)	(212,744)	(218,574)
Finance costs		(4,083)	(4,260)	(4,083)	(4,260)
Loss before tax		(9,390)	(6,286)	(9,390)	(6,286)
Tax expense	B1	(1,489)	(2,569)	(1,489)	(2,569)
Loss for the financial period		(10,879)	(8,855)	(10,879)	(8,855)
Other comprehensive loss: Item that may be reclassified subsequently to profit or loss: Exchange differences on translation of foreign operations		(4,747)	(13,393)	(4,747)	(13,393)
Total comprehensive loss for the financial period		(15,626)	(22,248)	(15,626)	(22,248)
Total (loss)/profit attributable to:					
Owners of the parent		(12,725)	(8,334)	(12,725)	(8,334)
Non-controlling interests		1,846	(521)	1,846	(521)
		(10,879)	(8,855)	(10,879)	(8,855)
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(16,754)	(21,982)	(16,754)	(21,982)
Non-controlling interests		1,128	(266)	1,128	(266)
		(15,626)	(22,248)	(15,626)	(22,248)
		sen	sen	sen	sen
Basic loss per ordinary share attributable to equity holders of the parent	B10	(2.11)	(1.38)	(2.11)	(1.38)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

PELIKAN INTERNATIONAL CORPORATION BERHAD (Registration No.: 198001009827 (63611-U))  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
Interim report as at 31 March 2021  
*The figures have not been audited.*

	Note	31/03/2021 RM'000	31/12/2020 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		201,239	208,639
Trademarks		17,742	18,020
Development costs		710	787
Goodwill		135,130	137,986
Computer software license		3,333	3,265
Investments in associates		59	60
Other financial assets		2,435	2,534
Pension Trust Fund		137,388	137,388
Deferred tax assets		113,859	115,100
		<u>611,895</u>	<u>623,779</u>
<b>Current assets</b>			
Inventories		258,005	237,705
Receivables, deposits and prepayments		244,337	231,401
Tax recoverable		10,956	10,070
Pension Trust Fund		13,476	13,476
Deposits, cash and bank balances		28,209	47,897
		<u>554,983</u>	<u>540,549</u>
Non-current assets classified as held for sale		<u>178,669</u>	<u>180,997</u>
<b>TOTAL ASSETS</b>		<b><u>1,345,547</u></b>	<b><u>1,345,325</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		640,273	640,273
Foreign currency translation reserves		(83,905)	(79,876)
Accumulated losses		(105,455)	(92,730)
Treasury shares, at cost		(5,150)	(5,150)
		<u>445,763</u>	<u>462,517</u>
Non-controlling interests		<u>2,913</u>	<u>1,785</u>
<b>Total equity</b>		<b><u>448,676</u></b>	<b><u>464,302</u></b>
<b>Non-current liabilities</b>			
Post-employment benefit obligations	B3	255,391	261,123
Borrowings	B2	126,434	134,564
Lease liabilities		15,299	16,937
Deferred tax liabilities		14,413	14,232
		<u>411,537</u>	<u>426,856</u>
<b>Current liabilities</b>			
Payables		173,709	150,268
Borrowings	B2	273,025	263,673
Lease liabilities		5,676	6,139
Current tax liabilities		32,924	34,087
		<u>485,334</u>	<u>454,167</u>
<b>Total liabilities</b>		<b><u>896,871</u></b>	<b><u>881,023</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>1,345,547</u></b>	<b><u>1,345,325</u></b>
Net assets per share attributable to owners of the parent (RM)		0.73	0.76

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

**PELIKAN INTERNATIONAL CORPORATION BERHAD (Registration No.: 198001009827 (63611-U))**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**Interim report for the financial period ended 31 March 2021**  
*The figures have not been audited.*

	Share Capital	Foreign currency translation reserves (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
<b>At 1 January 2021</b>	640,273	(79,876)	(92,730)	(5,150)	462,517	1,785	464,302
(Loss)/Profit for the financial period	-	-	(12,725)	-	(12,725)	1,846	(10,879)
Other comprehensive loss	-	(4,029)	-	-	(4,029)	(718)	(4,747)
Total comprehensive (loss)/income	-	(4,029)	(12,725)	-	(16,754)	1,128	(15,626)
<b>At 31 March 2021</b>	<u>640,273</u>	<u>(83,905)</u>	<u>(105,455)</u>	<u>(5,150)</u>	<u>445,763</u>	<u>2,913</u>	<u>448,676</u>
<b>At 1 January 2020</b>	640,273	(90,131)	(101,714)	(5,150)	443,278	1,243	444,521
Loss for the financial period	-	-	(8,334)	-	(8,334)	(521)	(8,855)
Other comprehensive loss/(income)	-	(13,648)	-	-	(13,648)	255	(13,393)
Total comprehensive loss	-	(13,648)	(8,334)	-	(21,982)	(266)	(22,248)
<b>At 31 March 2020</b>	<u>640,273</u>	<u>(103,779)</u>	<u>(110,048)</u>	<u>(5,150)</u>	<u>421,296</u>	<u>977</u>	<u>422,273</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

**PELIKAN INTERNATIONAL CORPORATION BERHAD (Registration No.: 198001009827 (63611-U))**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
Interim report for the financial period ended 31 March 2021  
*The figures have not been audited.*

	Financial period ended	
	31/03/2021	31/03/2020
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Cash receipts from customers	191,824	233,558
Cash paid to suppliers and employees	<u>(206,001)</u>	<u>(257,720)</u>
	(14,177)	(24,162)
Interest received	115	54
Interest paid	(3,334)	(3,457)
Taxation paid	<u>(2,845)</u>	<u>(2,004)</u>
<b>Net cash used in operating activities</b>	<u>(20,241)</u>	<u>(29,569)</u>
<b>Cash Flows From Investing Activities</b>		
Interest paid	(885)	(750)
Purchase of property, plant and equipment	(1,972)	(2,156)
Proceeds from disposal of property, plant and equipment	73	638
Purchase of intangible assets	<u>(73)</u>	<u>(70)</u>
<b>Net cash used in investing activities</b>	<u>(2,857)</u>	<u>(2,338)</u>
<b>Cash Flows From Financing Activities</b>		
Drawdowns of bank borrowings	61,726	96,201
Repayments of bank borrowings	(59,757)	(68,677)
Repayments of lease liabilities	<u>(2,087)</u>	<u>(2,677)</u>
<b>Net cash (used in)/from financing activities</b>	<u>(118)</u>	<u>24,847</u>
<b>Net decrease in cash and cash equivalents during the financial period</b>	(23,216)	(7,060)
<b>Effects of exchange rate changes on cash and cash equivalents</b>	391	(513)
<b>Cash and cash equivalents at beginning of the financial period</b>	<u>36,715</u>	<u>22,373</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u><u>13,890</u></u>	<u><u>14,800</u></u>
<b>Cash and cash equivalents comprise:</b>		
Deposits, cash and bank balances	28,209	27,209
Bank overdrafts	<u>(13,780)</u>	<u>(11,875)</u>
	14,429	15,334
Less: Deposits pledged to licensed banks	<u>(539)</u>	<u>(534)</u>
	<u><u>13,890</u></u>	<u><u>14,800</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

**A. Notes to the Interim Financial Report**  
**For the first quarter and financial period ended 31 March 2021**

**A1. Basis of Preparation**

This interim financial report is based on the unaudited financial statements for the quarter ended 31 March 2021 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 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 2020.

**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 2020.

**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 2020 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 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.

**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 March 2021.

**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 31 March 2021.

**A. Notes to the Interim Financial Report**  
**For the first quarter and financial period ended 31 March 2021**

**A8. Dividends**

No dividends have been paid during the current quarter ended 31 March 2021.

**A9. Segment Information**

	Germany RM'000	Rest of Europe RM'000	Americas RM'000	Rest of the World RM'000	Elimination RM'000	Group RM'000
<b>31 March 2021</b>						
External revenue	124,698	41,467	26,456	9,789	-	202,410
Intersegment revenue	61,147	7,989	3,912	20,960	(94,008)	-
	<u>185,845</u>	<u>49,456</u>	<u>30,368</u>	<u>30,749</u>	<u>(94,008)</u>	<u>202,410</u>
Segment result	<u>(2,540)</u>	<u>(1,436)</u>	<u>1,834</u>	<u>(1,221)</u>	<u>(1,944)</u>	<u>(5,307)</u>

**Germany**

The German segment's revenue represents 61.6% of the Group's revenue, an increase in contribution due to better turnover performance for the current quarter and decreased sales in other regions due to the COVID-19 pandemic. The increased sales were attributable to the key channels which remains open most of the time during the pandemic, which include channels such as drugstores, food retail, supermarkets and online channels. The average growth of these channels as compared to the previous year's corresponding quarter is approximately 65.7%. In addition, the increase were also due to the improve sales from logistic services and favourable Euro exchange rate against Ringgit Malaysia.

The region's segment result improved as compared to previous year's corresponding quarter due to better margin contribution from better customer mix.

**Rest of Europe**

The contribution in revenue from all other European countries, except Germany, represents 20.5% of the Group's total revenue. The performance for this region improved slightly as compared to the previous year's corresponding quarter with positive developments in countries such as Italy, Belgium and Poland. The improvement was partially affected by some other countries which continues to be affected by the COVID-19 impact in the current quarter.

Segment results reported in the previous year's corresponding quarter were better than the current quarter, mainly from the positive effects of foreign exchange on translation.

**A. Notes to the Interim Financial Report**  
**For the first quarter and financial period ended 31 March 2021**

**A9. Segment Information (cont'd)**

**Americas**

Americas, which comprise 13.1% of the Group's revenue are represented by Mexico, Colombia and Argentina. The economic activities in this region have yet to improve from the COVID-19 impact. As such, the region's sales decreased by 42.5% as compared to previous year's corresponding quarter, with the highest turnover reduction from Mexico.

The region continued to take various cost control measures to mitigate the negative impact from the lower sales contribution which resulted from the prolonged quarantine periods.

**Rest of the World**

Rest of the World which comprise 4.8% of the Group's revenue consist mainly countries such as Japan, Taiwan/China, South East Asia and Middle East. With better adaptations to the constraints of the pandemic environment, the region's activity is slowly recovering from the COVID-19 pandemic effect.

The region suffered a negative result during the current quarter due to the lower sales contribution and unfavourable effects of foreign exchange.

**A10. Valuation of Property, Plant and Equipment**

There were no valuations of property, plant and equipment during the current quarter ended 31 March 2021.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter ended 31 March 2021.

**A12. Events Subsequent to the End of the Reporting Period**

There was no event subsequent to the financial period ended 31 March 2021.

**A13. Contingent Liabilities**

There was no material contingent liabilities as at 31 March 2021.



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

**B1. Tax Expense**

	3 months ended		Financial period ended	
	31/03/21	31/03/20	31/03/21	31/03/20
	RM'000	RM'000	RM'000	RM'000
Tax expense charged in respect of current financial period				
- income tax	(1,668)	(2,895)	(1,668)	(2,895)
- deferred tax	179	326	179	326
	<u>(1,489)</u>	<u>(2,569)</u>	<u>(1,489)</u>	<u>(2,569)</u>

On a cumulative basis, for the financial period ended 31 March 2021, the Group's effective tax rate were lower than the statutory income tax rate in Malaysia as a result of the recognition of tax benefit.

**B2. Borrowings**

Details of the Group's borrowings as at 31 March 2021 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	
Colombian Peso	-	24	-	-	24
Czech Koruna	5,460	-	-	-	5,460
Euro	185,926	5,703	95,571	-	287,200
Japanese Yen	-	2,601	-	1,911	4,512
Mexican Peso	-	13,308	-	-	13,308
Polish Zloty	2,451	1,381	2,169	1,634	7,635
Ringgit Malaysia	16,835	-	25,149	-	41,984
US Dollar	25,872	13,464	-	-	39,336
Total	<u>236,544</u>	<u>36,481</u>	<u>122,889</u>	<u>3,545</u>	<u>399,459</u>

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

**B3. Post-Employment Benefit Obligations**

The Group operates both funded and unfunded defined benefit plans for its employees. The defined benefit plans, calculated using the projected unit credit method, is determined by independent actuaries, considering the estimated future cash outflows using market yields, at the end of each reporting period, of government securities which have currency and terms to maturity approximating the terms of the related liability. Judgement and estimates had been used to determine the valuation of the plans and the latest actuarial valuations of the plans were carried out in 2020.

**B4. Capital Commitments**

Capital commitments not provided for in the financial statements as at 31 March 2021 were as follows:

	<b>RM'000</b>
Authorised and contracted for:	
Property, plant and equipment	<u>156</u>

**B5. Review of Performance**

The Group achieved revenue of RM202.4 million in the current quarter as opposed to RM207.3 million in the previous year's corresponding quarter. The COVID-19 outbreak continued to negatively impact sales in countries where we operate, especially in the Americas. Nevertheless, the decreased in sales was compensated by the real sales growth in the German market, particularly, sales to online, drugstores, food retail and supermarkets which remains open most of the time during the pandemic.

The Group recorded a loss before tax of RM9.4 million as opposed to RM6.3 million in the previous year. The lower results were mainly attributable to the lower sales contribution achieved from reduced sales and unfavourable effects of foreign exchange. The Group continued to take various cost measures to mitigate the negative impact from the lower sales contribution.

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

**B6. Variation of Results Against Preceding Quarter**

	<b>Current Quarter 31/03/21 RM'000</b>	<b>Immediate Preceding Quarter 31/12/20 RM'000</b>	<b>Changes %</b>
Revenue	202,410	197,162	+2.7
Loss before interest and tax	(5,307)	(16,646)	+68.1
Loss before tax	(9,390)	(20,880)	+55.0
Loss for the financial period	<u>(10,879)</u>	<u>(16,794)</u>	+35.2

The Group's revenue increased to RM202.4 million in the current quarter as compared to RM197.2 million in the preceding quarter. The final quarter is a weak quarter for the Group's school products due to the holiday season in particular the European region. In addition, the resurgence in the number of COVID-19 cases, together with the appearance of new, more contagious strains of the coronavirus, have forced many countries to reintroduce or tighten containment measures in the previous quarter, thus affecting the sales.

The Group recorded a loss before tax of RM9.3 million in the current quarter as compared to loss before tax of RM20.9 million in the preceding quarter. In the previous quarter, the results were affected by provisions for redundancies and impairment of intangible assets.

**B7. Prospects**

The economic outlook continues to be challenging especially in countries which continue to face resurgence in cases of COVID-19 infections. The accelerated steps undertaken by many countries on the vaccination should help alleviate the situation and fasten the process back to normalcy. The Group expects that the overall economic improvement and the reduction in COVID-19 infections in countries where we operate to bring about more positive results going forward. Nevertheless, the Group continues to remain cautious and continue its efforts to improve productivity, initiate cost measures and focus on improving distribution efforts on less affected channels such as online and through cash and carry food retail channels.

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

**B8. Dividend**

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

**B9. Variance on Profit Forecast / Shortfall in Profit Guarantee**

Not applicable.

**B10. Loss Per Ordinary Share**

Basic loss per ordinary share:	3 months ended		Financial period ended	
	31/03/21	31/03/20	31/03/21	31/03/20
Loss attributable to owners of the parent (RM'000)	<u>(12,725)</u>	<u>(8,334)</u>	<u>(12,725)</u>	<u>(8,334)</u>
Weighted average number of ordinary shares in issue ('000)	<u>603,205</u>	<u>603,205</u>	<u>603,205</u>	<u>603,205</u>
Basic loss per ordinary share (sen)	<u>(2.11)</u>	<u>(1.38)</u>	<u>(2.11)</u>	<u>(1.38)</u>

**B11. Additional Notes to the Statement of Comprehensive Income**

	3 months ended		Financial period ended	
	31/03/21 RM'000	31/03/20 RM'000	31/03/21 RM'000	31/03/20 RM'000
Loss before tax is arrived at after charging/(crediting):				
Interest income	(115)	(54)	(115)	(54)
Interest expense	4,083	4,260	4,083	4,260
Depreciation and amortisation	6,985	7,230	6,985	7,230
Impairment losses on receivables	99	94	99	94
Inventories written down	10	9	10	9
Gain on disposal of property, plant and equipment	(39)	(568)	(39)	(568)
Foreign exchange loss/(gain)	1,043	(4,980)	1,043	(4,980)