

Registration No.: 198001009827 (63611 - U)

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

**INTERIM FINANCIAL REPORT**

**31 DECEMBER 2021**

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

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial year ended	
		31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Revenue		197,711	197,162	1,000,468	974,441
Other operating income		151,725	11,541	168,412	26,435
Expenses excluding finance costs and tax		(248,462)	(225,349)	(1,014,449)	(968,038)
Finance costs		(4,424)	(4,234)	(16,204)	(18,204)
Profit/(loss) before tax		96,550	(20,880)	138,227	14,634
Tax expense	B1	(33,386)	4,086	(45,127)	(3,240)
Profit/(loss) for the financial period/year		63,164	(16,794)	93,100	11,394
Other comprehensive (loss)/income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(6,764)	18,838	(13,571)	5,162
Reclassification adjustments relating to foreign currency translation of foreign operations deconsolidated		-	4,894	-	4,894
Item that will not be reclassified subsequently to profit or loss:					
Actuarial gain/(loss) on defined benefit plans		5,954	(1,852)	5,954	(1,852)
Income tax		(1,055)	183	(1,055)	183
Total comprehensive income for the financial period/year		61,299	5,269	84,428	19,781
Total profit/(loss) attributable to:					
Owners of the parent		59,065	(16,039)	85,123	10,783
Non-controlling interests		4,099	(755)	7,977	611
		63,164	(16,794)	93,100	11,394
Total comprehensive income/(loss) attributable to:					
Owners of the parent		60,733	6,315	83,148	19,239
Non-controlling interests		566	(1,046)	1,280	542
		61,299	5,269	84,428	19,781
		sen	sen	sen	sen
Basic earnings/(loss) per ordinary share attributable to equity holders of the parent	B10	9.79	(2.66)	14.11	1.79

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 December 2021  
*The figures have not been audited.*

	Note	31/12/2021 RM'000	31/12/2020 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		224,046	208,639
Trademarks		17,252	18,020
Development costs		502	787
Goodwill		128,002	137,986
Computer software license		4,147	3,265
Investments in associates		57	60
Other financial assets		2,312	2,534
Pension Trust Fund		138,867	137,388
Deferred tax assets		97,181	115,100
		<u>612,366</u>	<u>623,779</u>
<b>Current assets</b>			
Inventories		205,746	237,705
Receivables, deposits and prepayments		233,464	231,401
Tax recoverable		10,354	10,070
Pension Trust Fund		11,997	13,476
Deposits, cash and bank balances		189,163	47,897
		<u>650,724</u>	<u>540,549</u>
Non-current assets classified as held for sale		-	180,997
<b>TOTAL ASSETS</b>		<b><u>1,263,090</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		(86,861)	(79,876)
Accumulated losses		(123,237)	(92,730)
Treasury shares, at cost		(5,150)	(5,150)
		<u>425,025</u>	<u>462,517</u>
Non-controlling interests		3,065	1,785
<b>Total equity</b>		<b><u>428,090</u></b>	<b><u>464,302</u></b>
<b>Non-current liabilities</b>			
Post-employment benefit obligations	B3	229,880	261,123
Borrowings	B2	23,143	134,564
Lease liabilities		88,168	16,937
Deferred tax liabilities		16,237	14,232
		<u>357,428</u>	<u>426,856</u>
<b>Current liabilities</b>			
Payables		290,154	150,268
Borrowings	B2	109,473	263,673
Lease liabilities		24,407	6,139
Current tax liabilities		53,538	34,087
		<u>477,572</u>	<u>454,167</u>
<b>Total liabilities</b>		<b><u>835,000</u></b>	<b><u>881,023</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>1,263,090</u></b>	<b><u>1,345,325</u></b>
Net assets per share attributable to owners of the parent (RM)		0.70	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 year ended 31 December 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
Profit for the financial year	-	-	85,123	-	85,123	7,977	93,100
Other comprehensive (loss)/income	-	(6,985)	5,010	-	(1,975)	(6,697)	(8,672)
Total comprehensive (loss)/income	-	(6,985)	90,133	-	83,148	1,280	84,428
Transaction with owners: Dividends	-	-	(120,640)	-	(120,640)	-	(120,640)
<b>At 31 December 2021</b>	<b>640,273</b>	<b>(86,861)</b>	<b>(123,237)</b>	<b>(5,150)</b>	<b>425,025</b>	<b>3,065</b>	<b>428,090</b>
<b>At 1 January 2020</b>	640,273	(90,131)	(101,714)	(5,150)	443,278	1,243	444,521
Profit for the financial year	-	-	10,783	-	10,783	611	11,394
Other comprehensive income/(loss)	-	10,255	(1,799)	-	8,456	(69)	8,387
Total comprehensive income	-	10,255	8,984	-	19,239	542	19,781
<b>At 31 December 2020</b>	<b>640,273</b>	<b>(79,876)</b>	<b>(92,730)</b>	<b>(5,150)</b>	<b>462,517</b>	<b>1,785</b>	<b>464,302</b>

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 year ended 31 December 2021  
*The figures have not been audited.*

	Financial year ended	
	31/12/2021	31/12/2020
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Cash receipts from customers	1,156,727	1,034,399
Cash paid to suppliers and employees	<u>(1,089,318)</u>	<u>(992,000)</u>
	67,409	42,399
Interest received	1,400	542
Interest paid	(13,132)	(14,950)
Taxation paid	<u>(8,792)</u>	<u>(10,909)</u>
<b>Net cash from operating activities</b>	<u>46,885</u>	<u>17,082</u>
<b>Cash Flows From Investing Activities</b>		
Interest paid	(3,079)	(3,254)
Purchase of property, plant and equipment	(3,227)	(5,104)
Proceeds from disposal of property, plant and equipment, net	369,682	638
Purchase of intangible assets	(865)	(1,183)
Purchase of other financial assets	<u>-</u>	<u>(5)</u>
<b>Net cash from/(used in) investing activities</b>	<u>362,511</u>	<u>(8,908)</u>
<b>Cash Flows From Financing Activities</b>		
Deposits pledged	(3)	(5)
Drawdowns of bank borrowings	163,810	292,431
Repayments of bank borrowings	(424,781)	(274,800)
Repayments of lease liabilities	<u>(9,895)</u>	<u>(9,652)</u>
<b>Net cash (used in)/from financing activities</b>	<u>(270,869)</u>	<u>7,974</u>
<b>Net increase in cash and cash equivalents during the financial year</b>	138,527	16,148
<b>Effects of exchange rate changes on cash and cash equivalents</b>	3,397	(1,806)
<b>Cash and cash equivalents at beginning of the financial year</b>	<u>36,715</u>	<u>22,373</u>
<b>Cash and cash equivalents at end of the financial year</b>	<u><u>178,639</u></u>	<u><u>36,715</u></u>
<b>Cash and cash equivalents comprise:</b>		
Deposits, cash and bank balances	189,163	47,897
Bank overdrafts	<u>(9,982)</u>	<u>(10,643)</u>
	179,181	37,254
Less: Deposits pledged to licensed banks	<u>(542)</u>	<u>(539)</u>
	<u><u>178,639</u></u>	<u><u>36,715</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 fourth quarter and financial year ended 31 December 2021**

**A1. Basis of Preparation**

This interim financial report is based on the unaudited financial statements for the quarter ended 31 December 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 December 2021 except as disclosed in Note A14.

**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 December 2021.

**A. Notes to the Interim Financial Report**  
**For the fourth quarter and financial year ended 31 December 2021**

**A8. Dividends**

A single-tier special dividend of 20 sen per ordinary share were declared during the current quarter ended 31 December 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>12 months ended</b>						
<b>31 December 2021</b>						
External revenue	590,708	233,516	136,264	39,980	-	1,000,468
Intersegment revenue	260,141	24,060	14,261	71,107	(369,569)	-
	<u>850,849</u>	<u>257,576</u>	<u>150,525</u>	<u>111,087</u>	<u>(369,569)</u>	<u>1,000,468</u>
Segment result	<u>137,281</u>	<u>16,767</u>	<u>11,878</u>	<u>(5,134)</u>	<u>(6,361)</u>	<u>154,431</u>
<b>3 months ended</b>						
<b>31 December 2021</b>						
External revenue	110,342	39,742	38,831	8,796	-	197,711
Intersegment revenue	45,895	3,663	3,869	16,759	(70,186)	-
	<u>156,237</u>	<u>43,405</u>	<u>42,700</u>	<u>25,555</u>	<u>(70,186)</u>	<u>197,711</u>
Segment result	<u>102,543</u>	<u>1,526</u>	<u>2,032</u>	<u>(3,651)</u>	<u>(1,476)</u>	<u>100,974</u>

**Germany**

The German segment's revenue which represents 59.1% of the Group's revenue showed a decrease of RM7.0 million (6.0%) as compared to the previous year's corresponding quarter. The decrease was mainly attributed to the weakened translation rates of RM/EUR during the current quarter as compared to the previous year's corresponding quarter.

In the current quarter, the region contributed a segment result of RM102.5 million to the Group mainly due to the gain from the disposal of the German logistics centre.

**Rest of Europe**

The contribution in revenue from all other European countries, except Germany, represents 23.3% of the Group's total revenue. The resurgence of the pandemic during the quarter and the exponential spread of the new Omicron variant have led to a slight slowdown of business in affected countries. Nevertheless, the region's sales were relatively around the same levels as compared to the previous year's corresponding quarter.

**A. Notes to the Interim Financial Report**  
**For the fourth quarter and financial year ended 31 December 2021**

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

**Rest of Europe (cont'd)**

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

**Americas**

Americas, which comprise 13.6% of the Group's revenue are represented by Mexico, Colombia and Argentina. Economic conditions in Latin America improved since the last quarter as the pandemic eased and external conditions remained supportive. The region achieved growth in local currency ranging from 29% to 63% as compared to previous year's corresponding quarter.

The region achieved a segment result of RM2.0 million in the current quarter.

**Rest of the World**

Rest of the World which comprise 4.0% of the Group's revenue consist mainly countries such as Japan, Taiwan/China, South East Asia and Middle East.

The segment suffered additional loss of RM1.2 million in the current quarter as compared to previous year's corresponding quarter from the lower margin contribution as a result of lower sales due to the delay in product launches caused by supply chain issues.

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

There were no valuations of property, plant and equipment during the current quarter ended 31 December 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 December 2021 apart from the liquidation of Pelikan Hardcopy CZ s.r.o.

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

There was no event subsequent to the financial year ended 31 December 2021.



**A. Notes to the Interim Financial Report**  
**For the fourth quarter and financial year ended 31 December 2021**

**A13. Contingent Liabilities**

There were no material contingent liabilities as at 31 December 2021.

**A14. Status of Corporate Proposal and Utilisation of Proceeds**

On 8 July 2021, the Company had announced a proposed disposal of German logistics centre for a disposal consideration of EUR81.0 million (“Proposed Disposal”).

On 13 December 2021, the Company had announced that the Proposed Disposal has been completed pursuant to the terms and conditions of the SPA.

The status of utilisation of the proceeds from Proposed Disposal as at 18 February 2022 are as follows:

<b>Purpose</b>	<b>Proposed Utilisation** RM'000</b>	<b>Amount Utilised RM'000</b>	<b>Amount Unutilised RM'000</b>
Repayment of bank borrowings	200,000	200,000	-
Special dividend	120,640	120,640	-
Working capital requirements	35,620	30,163	5,457
Internal reorganisation related costs	24,600	-	24,600
Estimated expenses	12,800	12,800	-
<b>Total</b>	<b>393,660</b>	<b>363,603</b>	<b>30,057</b>

\*\* Based on circular dated 22 October 2021.

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

**B1. Tax Expense**

	3 months ended		Financial year ended	
	31/12/21	31/12/20	31/12/21	31/12/20
	RM'000	RM'000	RM'000	RM'000
Tax expense charged in respect of current financial period				
- income tax	(22,410)	(44)	(29,114)	(2,722)
- deferred tax	(10,976)	4,130	(16,013)	(518)
	<u>(33,386)</u>	<u>4,086</u>	<u>(45,127)</u>	<u>(3,240)</u>

On a cumulative basis, for the financial year ended 31 December 2021, the Group's effective tax rate were higher than the statutory income tax rate in Malaysia mainly due to tax on gain on disposal of asset and 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 2021 are as set out below:

Currency	Short Term		Long Term		Total
	Secured	Unsecured	Secured	Unsecured	
	RM'000	RM'000	RM'000	RM'000	RM'000
Czech Koruna	5,627	-	-	-	5,627
Euro	44,020	700	19,419	-	64,139
Japanese Yen	75	217	-	2,719	3,011
Mexican Peso	-	265	-	-	265
Polish Zloty	1,508	-	1,005	-	2,513
Ringgit Malaysia	16,309	-	-	-	16,309
US Dollar	32,218	8,534	-	-	40,752
Total	<u>99,757</u>	<u>9,716</u>	<u>20,424</u>	<u>2,719</u>	<u>132,616</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 2021.

**B4. Capital Commitments**

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

	<b>RM'000</b>
Authorised and contracted for:	
Property, plant and equipment	<u>113</u>

**B5. Review of Performance**

The Group achieved revenue of RM197.7 million in the current quarter as opposed to RM197.2 million in the previous year's corresponding quarter.

On a full year basis, the Group achieved revenue of RM1,000.5 million as compared to RM974.4 million in previous year. Positive sales growth were evident in the Americas, certain European countries and Asia regions. Accelerated steps were undertaken by many countries on the vaccination to alleviate the COVID-19 situation and fasten the process back to normalcy. In addition, real sales growth were also evident in the German logistic services and certain German channels, particularly, sales to online customer with growth of 9.2% as compared to previous year.

The Group recorded a profit before tax of RM138.2 million in the current year due to the gain from the disposal of the German logistics centre before tax of RM144.5 million and a restructuring provision of RM30.0 million. Excluding these one off effects, the Group recorded a profit before tax of RM23.7 million as opposed to RM14.6 million in the previous year on the back of better operating results of certain European countries and the Americas' region.

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

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

	<b>Current Quarter 31/12/21 RM'000</b>	<b>Immediate Preceding Quarter 30/09/21 RM'000</b>	<b>Changes %</b>
Revenue	197,711	313,021	-36.8
Profit before interest and tax	100,974	33,513	+>100.0
Profit before tax	96,550	30,219	+>100.0
Profit for the financial period	<u>63,164</u>	<u>22,788</u>	+>100.0

The Group's revenue decreased to RM197.7 million in the current quarter as compared to RM313.0 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.

The Group recorded profit before tax of RM96.6 million in the current quarter as compared to profit before tax of RM30.2 million in the preceding quarter mainly due to the gain from the disposal of the German logistics centre.

**B7. Prospects**

The Group will continue to focus on expanding the sales and distribution of its "Pelikan" and "herlitz" brands of stationery products to existing and underrepresented markets. The Group is expected to achieve a higher level of production efficiency and cost base as part of the proceeds from the said corporate proposal would be allocated for its working capital requirements as well as its internal reorganisation exercise. There will also be more flexibility in scaling the Group's operations particularly in its distribution channels including its warehousing and logistic services. The reduction of the Group's borrowings will also result in the availability of operational cash flows to be utilised for more product and distribution expansions in the future.

The Group will continue to remain cautious and continue its efforts to initiate cost control measures and focus, improve productivity and distribution efforts through online channels and cash and carry retail channels, which has remained resilient during the pandemic.

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

**B8. Dividend**

The Board of Directors announced a single-tier special dividend of 20 sen per ordinary share for the current financial period. The entitlement date for dividend payment is 29 December 2021 and the said dividend has been paid on 11 January 2022.

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

Not applicable.

**B10. Earnings/(Loss) Per Ordinary Share**

Basic earnings/(loss) per ordinary share:	3 months ended		Financial year ended	
	31/12/21	31/12/20	31/12/21	31/12/20
Profit/(loss) attributable to owners of the parent (RM'000)	<u>59,065</u>	<u>(16,039)</u>	<u>85,123</u>	<u>10,783</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 earnings/(loss) per ordinary share (sen)	<u>9.79</u>	<u>(2.66)</u>	<u>14.11</u>	<u>1.79</u>

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

	3 months ended		Financial year ended	
	31/12/21 RM'000	31/12/20 RM'000	31/12/21 RM'000	31/12/20 RM'000
Profit/(loss) before tax is arrived at after charging/(crediting):				
Interest income	(930)	(212)	(1,400)	(542)
Interest expense	4,424	4,234	16,204	18,204
Depreciation, amortisation and impairment	13,980	10,198	35,252	33,432
Impairment losses on receivables	1,267	875	1,801	1,352
(Reversal of inventories written down)/Inventories written down	(659)	2,669	(625)	2,703
(Gain)/loss on disposal of property, plant and equipment	(144,576)	192	(144,724)	(519)
Foreign exchange (gain)/loss	(1,962)	1,863	1,850	4,078
Restructuring provision	30,000	-	30,000	-