

Registration No.: 198001009827 (63611 - U)

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

**INTERIM FINANCIAL REPORT**

**31 MARCH 2022**

**PELIKAN INTERNATIONAL CORPORATION BERHAD (Registration No.: 198001009827 (63611-U))**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Interim report for the financial period ended 31 March 2022**  
*The figures have not been audited.*

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial period ended	
		31/03/2022 RM'000	31/03/2021 RM'000	31/03/2022 RM'000	31/03/2021 RM'000
Revenue		200,373	202,410	200,373	202,410
Other operating income		9,935	5,027	9,935	5,027
Expenses excluding finance costs and tax		(211,500)	(212,744)	(211,500)	(212,744)
Finance costs		<u>(2,269)</u>	<u>(4,083)</u>	<u>(2,269)</u>	<u>(4,083)</u>
Loss before tax		(3,461)	(9,390)	(3,461)	(9,390)
Tax expense	B1	<u>(3,042)</u>	<u>(1,489)</u>	<u>(3,042)</u>	<u>(1,489)</u>
Loss for the financial period		(6,503)	(10,879)	(6,503)	(10,879)
Other comprehensive income/(loss): Items that may be reclassified subsequently to profit or loss: Exchange differences on translation of foreign operations		<u>2,012</u>	<u>(4,747)</u>	<u>2,012</u>	<u>(4,747)</u>
Total comprehensive loss for the financial period		<u><u>(4,491)</u></u>	<u><u>(15,626)</u></u>	<u><u>(4,491)</u></u>	<u><u>(15,626)</u></u>
Total (loss)/profit attributable to:					
Owners of the parent		(6,107)	(12,725)	(6,107)	(12,725)
Non-controlling interests		<u>(396)</u>	<u>1,846</u>	<u>(396)</u>	<u>1,846</u>
		<u><u>(6,503)</u></u>	<u><u>(10,879)</u></u>	<u><u>(6,503)</u></u>	<u><u>(10,879)</u></u>
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(3,902)	(16,754)	(3,902)	(16,754)
Non-controlling interests		<u>(589)</u>	<u>1,128</u>	<u>(589)</u>	<u>1,128</u>
		<u><u>(4,491)</u></u>	<u><u>(15,626)</u></u>	<u><u>(4,491)</u></u>	<u><u>(15,626)</u></u>
		sen	sen	sen	sen
Basic loss per ordinary share attributable to equity holders of the parent	B10	(1.01)	(2.11)	(1.01)	(2.11)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 2022  
*The figures have not been audited.*

	Note	31/03/2022 RM'000	31/12/2021 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		220,138	224,048
Trademarks		17,042	17,252
Development costs		434	502
Goodwill		126,750	128,001
Computer software license		3,767	4,148
Investments in associates		56	57
Other financial assets		2,148	2,312
Pension Trust Fund		138,867	138,867
Deferred tax assets		91,641	93,628
		<u>600,843</u>	<u>608,815</u>
<b>Current assets</b>			
Inventories		252,192	205,733
Receivables, deposits and prepayments		235,633	233,554
Tax recoverable		11,989	10,354
Pension Trust Fund		11,997	11,997
Deposits, cash and bank balances		48,442	189,160
		<u>560,253</u>	<u>650,798</u>
<b>TOTAL ASSETS</b>		<b><u>1,161,096</u></b>	<b><u>1,259,613</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		(84,673)	(86,878)
Accumulated losses		(129,391)	(123,284)
Treasury shares, at cost		(5,150)	(5,150)
		<u>421,059</u>	<u>424,961</u>
Non-controlling interests		2,475	3,064
<b>Total equity</b>		<b><u>423,534</u></b>	<b><u>428,025</u></b>
<b>Non-current liabilities</b>			
Post-employment benefit obligations	B3	223,965	229,880
Borrowings	B2	20,275	22,406
Lease liabilities		81,651	88,171
Deferred tax liabilities		12,809	12,684
		<u>338,700</u>	<u>353,141</u>
<b>Current liabilities</b>			
Payables		188,524	290,291
Borrowings	B2	132,943	110,211
Lease liabilities		24,038	24,407
Current tax liabilities		53,357	53,538
		<u>398,862</u>	<u>478,447</u>
<b>Total liabilities</b>		<b><u>737,562</u></b>	<b><u>831,588</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>1,161,096</u></b>	<b><u>1,259,613</u></b>
Net assets per share attributable to owners of the parent (RM)		0.70	0.70

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 2022**  
*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 2022</b>	640,273	(86,878)	(123,284)	(5,150)	424,961	3,064	428,025
Loss for the financial period	-	-	(6,107)	-	(6,107)	(396)	(6,503)
Other comprehensive income/(loss)	-	2,205	-	-	2,205	(193)	2,012
Total comprehensive income/(loss)	-	2,205	(6,107)	-	(3,902)	(589)	(4,491)
<b>At 31 March 2022</b>	<b>640,273</b>	<b>(84,673)</b>	<b>(129,391)</b>	<b>(5,150)</b>	<b>421,059</b>	<b>2,475</b>	<b>423,534</b>
<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>	<b>640,273</b>	<b>(83,905)</b>	<b>(105,455)</b>	<b>(5,150)</b>	<b>445,763</b>	<b>2,913</b>	<b>448,676</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 2021 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 2022  
*The figures have not been audited.*

	Financial period ended	
	31/03/2022	31/03/2021
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Cash receipts from customers	205,986	191,824
Cash paid to suppliers and employees	<u>(233,136)</u>	<u>(206,001)</u>
	(27,150)	(14,177)
Interest received	214	115
Interest paid	(2,202)	(3,334)
Taxation paid	<u>(2,664)</u>	<u>(2,845)</u>
<b>Net cash used in operating activities</b>	<u>(31,802)</u>	<u>(20,241)</u>
<b>Cash Flows From Investing Activities</b>		
Interest paid	(90)	(885)
Purchase of property, plant and equipment	(3,436)	(1,972)
Proceeds from disposal of property, plant and equipment, net	41	73
Purchase of intangible assets	<u>(75)</u>	<u>(73)</u>
<b>Net cash used in investing activities</b>	<u>(3,560)</u>	<u>(2,857)</u>
<b>Cash Flows From Financing Activities</b>		
Deposits pledged	(61)	-
Drawdowns of bank borrowings	71,399	61,726
Repayments of bank borrowings	(55,233)	(59,757)
Repayments of lease liabilities	(6,188)	(2,087)
Dividends paid	<u>(120,641)</u>	<u>-</u>
<b>Net cash used in financing activities</b>	<u>(110,724)</u>	<u>(118)</u>
<b>Net decrease in cash and cash equivalents during the financial period</b>	(146,086)	(23,216)
<b>Effects of exchange rate changes on cash and cash equivalents</b>	1,014	391
<b>Cash and cash equivalents at beginning of the financial period</b>	<u>178,636</u>	<u>36,715</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u><u>33,564</u></u>	<u><u>13,890</u></u>
<b>Cash and cash equivalents comprise:</b>		
Deposits, cash and bank balances	48,442	28,209
Bank overdrafts	<u>(14,275)</u>	<u>(13,780)</u>
	34,167	14,429
Less: Deposits pledged to licensed banks	<u>(603)</u>	<u>(539)</u>
	<u><u>33,564</u></u>	<u><u>13,890</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 2021 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 2022**

**A1. Basis of Preparation**

This interim financial report is based on the unaudited financial statements for the quarter ended 31 March 2022 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 2021.

**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 2021.

**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 2021 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 2022.

**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 2022.

**A. Notes to the Interim Financial Report**  
**For the first quarter and financial period ended 31 March 2022**

**A8. Dividends**

The Company paid a single-tier special dividend of 20 sen per ordinary share for the financial year ended 31 December 2021 on 11 January 2022.

**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>3 months ended 31 March 2022</b>						
External revenue	106,690	39,460	44,242	9,981	-	200,373
Intersegment revenue	64,718	9,162	6,065	24,633	(104,578)	-
	<u>171,408</u>	<u>48,622</u>	<u>50,307</u>	<u>34,614</u>	<u>(104,578)</u>	<u>200,373</u>
Segment result	<u>(5,439)</u>	<u>(1,545)</u>	<u>5,768</u>	<u>1,885</u>	<u>(1,861)</u>	<u>(1,192)</u>

**Germany**

The German segment's revenue which represents 53.2% of the Group's revenue showed a decrease of RM18.0 million (14.4%) as compared to the previous year's corresponding quarter. The decrease was mainly attributed to the weakened translation rates of RM/EUR and slower than anticipated sales due to the weak consumer sentiment and rising inflation. The decrease was partially offset by the improved sales from logistic services.

The segment achieved a lower segment result mainly due to lower margin contribution from lower sales and higher freight costs.

**Rest of Europe**

The contribution in revenue from all other European countries, except Germany, represents 19.7% of the Group's total revenue. 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. Nevertheless, the decrease was partially offset with the positive developments in certain Eastern European countries.

The segment results were relatively around the same levels as compared to the previous year's corresponding quarter.

**A. Notes to the Interim Financial Report**  
**For the first quarter and financial period ended 31 March 2022**

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

**Americas**

Americas, which comprise 22.1% of the Group's revenue are represented by Mexico, Colombia and Argentina. Economic conditions in the Americas improved since the last quarter as the pandemic eased and external conditions remained supportive. The region achieved growth in local currency of more than 69.0% as compared to previous year's corresponding quarter.

The segment results improved from RM1.8 million in the previous year's corresponding quarter to RM5.8 million in the current quarter mainly due to the improved sales.

**Rest of the World**

Rest of the World which comprise 5.0% of the Group's revenue consist mainly countries such as Japan, Taiwan/China, South East Asia and Middle East.

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

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

There were no valuations of property, plant and equipment during the current quarter ended 31 March 2022.

**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 2022.

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

There was no event subsequent to the financial period ended 31 March 2022.

**A13. Contingent Liabilities**

There were no material contingent liabilities as at 31 March 2022.



**A. Notes to the Interim Financial Report**  
**For the first quarter and financial period ended 31 March 2022**

**A14. Utilisation of Proceeds Raised From Corporate Proposals**

Pelikan Group GmbH (“PGG”), a subsidiary of the Company had on 7 July 2021 entered into a conditional Sale and Purchase Agreement dated 7 July 2021 (“SPA”) with HE4 Falkensee 1 S.à.r.l. and HE4 Falkensee 2 S.à.r.l., (“Purchasers”) in relation to the disposal of property located at Straße der Einheit 142-148, 14621 Falkensee, Germany (“Property”) by PGG to the Purchasers, for the cash consideration of EUR81.0 million (equivalent to RM393.7 million) (“Proposed Disposal”).

The Company had raised approximately RM393.7 million from the Proposed Disposal which was completed on 13 December 2021 pursuant to the terms and conditions of the SPA.

As at 16 May 2022, the status of utilisation of the proceeds from the Proposed Disposal was 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	35,620	-
Internal reorganisation related costs	24,600	-	24,600
Estimated expenses for the Proposed Disposal	12,800	12,800	-
<b>Total</b>	<b>393,660</b>	<b>369,060</b>	<b>24,600</b>

\* As per Circular to Shareholders dated 22 October 2021.

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

**B1. Tax Expense**

	3 months ended		Financial period ended	
	31/03/22	31/03/21	31/03/22	31/03/21
	RM'000	RM'000	RM'000	RM'000
Tax expense charged in respect of current financial period				
- income tax	(1,901)	(1,668)	(1,901)	(1,668)
- deferred tax	(1,141)	179	(1,141)	179
	<u>(3,042)</u>	<u>(1,489)</u>	<u>(3,042)</u>	<u>(1,489)</u>

On a cumulative basis, for the financial period ended 31 March 2022, 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 and temporary differences movement.

**B2. Borrowings**

Details of the Group's borrowings as at 31 March 2022 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	6,929	-	-	-	6,929
Euro	78,440	682	17,128	-	96,250
Japanese Yen	-	207	-	2,534	2,741
Mexican Peso	-	4,143	-	-	4,143
Polish Zloty	1,470	-	613	-	2,083
Ringgit Malaysia	3,015	-	-	-	3,015
US Dollar	30,489	7,568	-	-	38,057
Total	<u>120,343</u>	<u>12,600</u>	<u>17,741</u>	<u>2,534</u>	<u>153,218</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 March 2022 were as follows:

	<b>RM'000</b>
Authorised and contracted for:	
Property, plant and equipment	<u>37</u>

**B5. Review of Performance**

The Group achieved revenue of RM200.4 million in the current quarter as opposed to RM202.4 million in the previous year's corresponding quarter. Demand was soft in the German and European markets but the Americas region experienced higher sales growth of 67.2% compared to the previous year's corresponding quarter. In addition, the lower RM/EUR rates in the current quarter also resulted in lower translated revenue.

As the first quarter is still a relatively low season, the Group recorded a loss before tax of RM3.5 million in the current quarter as opposed to RM9.4 million in the previous years' corresponding quarter due to the improved results from the Americas region and also lower interest cost from the loan repayments using disposal proceeds of the German logistic centre.

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

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

	<b>Current Quarter 31/03/22 RM'000</b>	<b>Immediate Preceding Quarter 31/12/21 RM'000</b>	<b>Changes %</b>
Revenue	200,373	197,711	+1.3
(Loss)/Profit before interest and tax	(1,192)	100,927	->100.0
(Loss)/Profit before tax	(3,461)	96,503	->100.0
(Loss)/Profit for the financial period	<u>(6,503)</u>	<u>63,117</u>	->100.0

The Group's revenue increased to RM200.4 million in the current quarter as compared to RM197.8 million in the preceding quarter. The improvement in results of the Americas' and Rest of the World region was offset for the slower first quarter sales in the European region.

The Group recorded loss before tax of RM3.5 million in the current quarter as compared to profit before tax of RM96.5 million in the preceding quarter. In the preceding quarter, the Group recorded a gain from disposal of the German logistics centre and a restructuring provision.

**B7. Prospects**

The current Russia-Ukraine conflict have resulted in high energy prices and rising cost in particular the European region. These factors will continue to pose challenges for us ahead as it dampens consumer sentiment and results in increased inflation rates. The continued supply chain bottlenecks and higher logistic cost is increasing supply lead time and also supply cost. Although the Group implements price increase to its products and services, a prolongation of higher cost rates may dampen sales growth. Notwithstanding these, sales in regions such as Americas is better than expected and these will enable the Group to cushion the slower demand in the European market. Until the situation normalises, the Group will continue to monitor the market situation and undertake mitigating factors such as cost control and reduction plans. Nevertheless, the Group will need to endure the challenges ahead and exploit new opportunities within tough business environment.

**B8. Dividend**

The Company paid a single-tier special dividend of 20 sen per ordinary share for the financial year ended 31 December 2021 on 11 January 2022.

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

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

**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	
	31/03/22	31/03/21	31/03/22	31/03/21
Loss attributable to owners of the parent (RM'000)	<u>(6,107)</u>	<u>(12,725)</u>	<u>(6,107)</u>	<u>(12,725)</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>(1.01)</u>	<u>(2.11)</u>	<u>(1.01)</u>	<u>(2.11)</u>

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

Loss before tax is arrived at after charging/(crediting):	3 months ended		Financial period ended	
	31/03/22 RM'000	31/03/21 RM'000	31/03/22 RM'000	31/03/21 RM'000
Interest income	(214)	(115)	(214)	(115)
Interest expense	2,269	4,083	2,269	4,083
Depreciation, amortisation and impairment	8,489	6,985	8,489	6,985
Impairment losses on receivables	123	99	123	99
Inventories written down	198	10	198	10
Gain on disposal of property, plant and equipment	(41)	(39)	(41)	(39)
Foreign exchange (gain)/loss	(2,116)	1,043	(2,116)	1,043