FINANCIAL STATEMENTS

Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries include manufacturing and distribution of writing instruments, art, painting and hobby products, school and office stationery, printer consumables, papeterie products, provision of computer software and hardware products, provision of logistics services and investment holding. The Group distributes its products through wholesalers, dealers, retailers, modern trade channels including hypermarkets, schools and specialised stores for luxury items. There have been no significant changes in the nature of the Group's activities during the financial year.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
(Loss)/Profit for the financial year	(50,027)	19,571
Attributable to:		
Owners of the parent	(48,960)	19,571
Non-controlling interests	(1,067)	–
	(50,027)	19,571

DIVIDENDS

The Directors do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS

The Directors who have held office since the date of the last report are:

Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor
Loo Hooi Keat
Datuk Hajah Rozaida binti Omar
Datin Normimy binti Mohamed Noor
Dato' Afifuddin bin Abdul Kadir
Dato' Lua Choon Hann
Datuk Seri Mohamad Norza bin Zakaria (retired on 17 June 2015)

Directors' Report

SHARE CAPITAL, DEBENTURES AND SHARE OPTIONS

Issue of shares and debentures

There were no new issues of shares or debentures during the financial year.

Treasury shares

The Company did not make any purchase of its own shares and none of the treasury shares held were resold or cancelled during the financial year. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 553,296,061 issued and fully paid ordinary shares, 4,928,011 ordinary shares are held as treasury shares by the Company. Such treasury shares are held at carrying amount of RM5,149,918. The number of outstanding ordinary shares in issue after deducting the treasury shares is 548,368,050. Further details are disclosed in Note 24(b) to the financial statements.

Executives' Share Option Scheme

The Company's Executives' Share Option Scheme ("ESOS") was approved by the shareholders at an Extraordinary General Meeting held on 17 December 2009. The ESOS was effected on 1 March 2010 and is to be in force for a period of five (5) years from the effective date of implementation. It may be extended or renewed for a further period of five (5) years, at the sole and absolute discretion of the Board of Directors upon the recommendation of the Option Committee and pursuant to the by-law, and shall not in aggregate exceed a duration of ten (10) years from the effective date of implementation. On 6 February 2015, the ESOS expiry period has been extended for a further three (3) years to 28 February 2018.

The salient features of the ESOS are as follows:

(i) The Board of Directors has appointed the Option Committee to administer the ESOS.

(ii) The Company may from time to time grant option to eligible employees of the Group to subscribe for new ordinary shares of RM1.00 each.

(iii) Subject to the determination and discretion of the Option Committee, ESOS may be granted to any Director named in the Register of Directors of the Company or any employee who is a confirmed full-time employee of the Company and/or its eligible subsidiaries and if that person is servicing under a fixed term of contract of employment, the contract (including any period of employment which that person has already served) should be for a duration of at least one (1) year of continuous service.

(iv) The total number of shares to be issued under the ESOS shall not exceed five percent (5%) of the issued and paid-up share capital of the Company at any point of time throughout the duration of the ESOS and of which not more than fifty percent (50%) of the Company's new shares available under the ESOS shall be allocated, in aggregate, to Directors and senior management. In addition, not more than ten percent (10%) of the Company's new shares available under the ESOS shall be allocated to any individual Director or employee who, either singly or collectively through person connected with the eligible employee, holds twenty percent (20%) or more in the issued and paid-up share capital of the Company.

SHARE CAPITAL, DEBENTURES AND SHARE OPTIONS (continued)

Executives' Share Option Scheme (continued)

(v) The option price for each share shall be the higher of the weighted average market price of the Company's shares, as quoted on Bursa Malaysia Securities Berhad, for the five (5) market days immediately preceding the date of offer of the option with a discount of not more than ten percent (10%), or the par value of the shares of the Company of RM1.00 each.

(vi) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company except that the so allotted and issued shares will not be entitled to any dividends, rights, allotments or other distribution, where the entitlement date precedes the date of allotment of the new shares and will be subject to the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise of the Company's shares.

The Company granted 7,983,750 share options under the ESOS at an exercise price of RM1.35 per share option to the eligible employees and Directors. As of 31 December 2015, 941,250 options has lapsed and 6,592,500 options remains outstanding. No share options were exercised during or at the end of the financial year.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of holders to whom options have been granted to subscribe for less than 200,000 ordinary shares of RM1.00 each during the financial year pursuant to Section 169 (11) of the Companies Act, 1965. The names of the option holders who were granted options to subscribe for 200,000 and more ordinary shares of RM1.00 each, other than directors whose details are disclosed in the section on Directors' Interests in this report, are as follows:

	NUMBER OF SHARE OPTIONS			
NAME	BALANCE AS AT 1.1.2015	GRANTED	EXERCISED	BALANCE AS AT 31.12.2015
Azuma Ikeda	200,000	–	–	200,000
Claudio Esteban Seleguan	200,000	–	–	200,000
Flavio Monti	200,000	–	–	200,000
Frauke Wandrey	200,000	–	–	200,000
Ho Ming Hon	2,000,000	–	–	2,000,000
Loo Seow Beng	500,000	–	–	500,000
Loo Phik Yin	300,000	–	–	300,000
Torsten Jahn	200,000	–	–	200,000

Directors' Report

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being any arrangements with the objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the options granted to certain directors pursuant to the Company's ESOS as disclosed below.

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by Directors or the fixed salary of a full-time employee of the Company as disclosed in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain Directors of the Company are also Directors and/or shareholders as disclosed in Note 33 to the financial statements.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in the shares of the Company and of its related corporations are as follows:

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
SHARES IN THE COMPANY	**BALANCE AS AT 1.1.2015**	**ADDITIONS**	**DISPOSALS**	**BALANCE AS AT 31.12.2015**
Loo Hooi Keat				
- Direct	55,508,023	1,111,400	(2,810,000)	53,809,423
- Indirect	42,708,852	–	–	42,708,852

	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM1 EACH			
OPTION GRANTED PURSUANT TO THE ESOS OF THE COMPANY	**BALANCE AS AT 1.1.2015**	**GRANTED**	**EXERCISED**	**BALANCE AS AT 31.12.2015**
Loo Hooi Keat	500,000	–	–	500,000
Datuk Hajah Rozaida binti Omar	500,000	–	–	500,000

By virtue of Loo Hooi Keat's direct and indirect interests in the shares of the Company, he is deemed to be interested in the shares of all the Company's related corporations to the extent of his interest.

Other than Loo Hooi Keat and Datuk Hajah Rozaida binti Omar, none of the other Directors in office at the end of the financial year held any interest in the shares of the Company and of its related corporations during or at the beginning and end of the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise, in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount of bad debts written off or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year other than the contingent liabilities as disclosed in Note 31 to the financial statements.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors:

(i) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in Note 36 to the financial statements; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Group or of the Company for the financial year in which this report is made.

Directors' Report

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

During the financial year, the Group implemented its assets streamlining via contribution in kind exercise by transferring certain subsidiaries and assets of the Company, Pelikan Holding AG, Pelikan Nederland B.V. and Molkari Vermietungsgesellschaft mbH & Co. Objekt Falkensee KG into Pelikan Aktiengesellschaft ("Pelikan AG", formerly known as Herlitz Aktiengesellschaft) for an aggregate consideration of EUR231.2 million which were satisfied by the issuance of 231.2 million new Pelikan AG shares of nominal value EUR1.00 each ("Pelikan AG shares"). The contribution agreement was entered into on 5 March 2015. On 30 April 2015, the resolutions for the increase in issued share capital were entered into the Commercial Registers of Pelikan AG. Accordingly, 231.2 million new Pelikan AG shares were issued and the assets streamlining was duly completed. Subsequently, on 5 August 2015, Pelikan AG issued 124,402 new Pelikan AG shares of EUR1.00 each and Pelikan Holding AG sold 96,919 Pelikan AG shares of EUR1.00 each.

Arising thereto, the effective interest of the Group in respective subsidiaries had changed as disclosed in Note 16 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 31 March 2016.

TAN SRI DATO' SRI ABI MUSA ASA'ARI
BIN MOHAMED NOR
Director

LOO HOOI KEAT
Director

Selangor Darul Ehsan
31 March 2016

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

We, TAN SRI DATO' SRI ABI MUSA ASA'ARI BIN MOHAMED NOR and LOO HOOI KEAT, being two of the Directors of PELIKAN INTERNATIONAL CORPORATION BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 76 to 152 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out in Note 37 to the financial statements on page 153 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of the Directors in accordance with their resolution dated 31 March 2016.

TAN SRI DATO' SRI ABI MUSA ASA'ARI BIN MOHAMED NOR
Director

LOO HOOI KEAT
Director

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, LOO HOOI KEAT, being the Director primarily responsible for the financial management of PELIKAN INTERNATIONAL CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 76 to 153 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LOO HOOI KEAT

Subscribed and solemnly declared by the abovenamed LOO HOOI KEAT on 31 March 2016 at Petaling Jaya, Selangor

Before me

Commissioner for Oaths

Independent Auditors' Report

to the members of Pelikan International Corporation Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Pelikan International Corporation Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 76 to 152.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report
to the members of Pelikan International Corporation Berhad

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 37 to the financial statements is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF: 0206
Chartered Accountants

OOI THIAM POH
2495/01/18 (J)
Chartered Accountant

Kuala Lumpur
31 March 2016

Statements of Comprehensive Income

for the financial year ended 31 December 2015

	NOTE	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
Revenue	6	**1,331,508**	1,382,120	**97,133**	100,367
Other operating income		**26,939**	21,929	**70,855**	9,725
Materials used		**(638,597)**	(646,235)	**(95,641)**	(96,055)
Staff costs	7	**(395,455)**	(402,219)	**(4,370)**	(4,805)
Depreciation of property, plant and equipment	14	**(36,499)**	(37,708)	**(408)**	(500)
Amortisation of intangible assets	15	**(4,057)**	(5,277)	**–**	–
Other operating expenses		**(286,200)**	(313,946)	**(32,445)**	(19,296)
(Loss)/Profit from operations	10	**(2,361)**	(1,336)	**35,124**	(10,564)
Finance costs	11	**(23,137)**	(22,313)	**(15,553)**	(14,674)
(Loss)/Profit before taxation		**(25,498)**	(23,649)	**19,571**	(25,238)
Taxation	12	**(24,529)**	(12,923)	**–**	–
(Loss)/Profit for the financial year		**(50,027)**	(36,572)	**19,571**	(25,238)
Other comprehensive income/(loss):					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		**21,195**	(32,086)	**–**	–
Item that will not be reclassified subsequently to profit or loss:					
Actuarial gain/(loss) on defined benefit plans	25	**807**	(43,238)	**–**	–
Others		**–**	112	**–**	–
Income tax	12	**629**	1,728	**–**	–
		22,631	(73,484)	**–**	–
Total comprehensive (loss)/income		**(27,396)**	(110,056)	**19,571**	(25,238)
(Loss)/Profit attributable to:					
Owners of the parent		**(48,960)**	(36,459)	**19,571**	(25,238)
Non-controlling interests		**(1,067)**	(113)	**–**	–
		(50,027)	(36,572)	**19,571**	(25,238)
Total comprehensive (loss)/income attributable to:					
Owners of the parent		**(31,592)**	(107,170)	**19,571**	(25,238)
Non-controlling interests		**4,196**	(2,886)	**–**	–
		(27,396)	(110,056)	**19,571**	(25,238)
Basic and diluted loss per ordinary share attributable to equity holders of the Company (sen):	13	**(8.93)**	(6.90)	**–**	–

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

as at 31 December 2015

		GROUP		COMPANY	
	NOTE	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	**449,941**	433,650	**466**	861
Intangible assets	15	**161,482**	125,110	**–**	–
Investments in subsidiaries	16	**–**	–	**470,498**	537,160
Investments in associates	17	**–**	–	**–**	–
Available-for-sale financial assets	18	**2,807**	2,615	**–**	–
Pension Trust Fund	19	**138,184**	138,184	**138,184**	138,184
Deferred tax assets	20	**99,083**	43,048	**–**	–
		851,497	742,607	**609,148**	676,205
Current assets					
Inventories	21	**274,978**	272,270	**16**	69
Receivables, deposits and prepayments	22	**324,622**	338,755	**338,297**	226,552
Tax recoverable		**3,642**	3,059	**198**	338
Pension Trust Fund	19	**12,680**	12,680	**12,680**	12,680
Deposits, cash and bank balances	23	**71,224**	73,635	**13,915**	30,070
		687,146	700,399	**365,106**	269,709
TOTAL ASSETS		**1,538,643**	1,443,006	**974,254**	945,914
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	24	**553,296**	553,296	**553,296**	553,296
Share premium		**65,591**	65,591	**65,591**	65,591
Foreign currency translation reserves		**(90,105)**	(105,986)	**–**	–
Equity-settled employee benefits	24(c)	**226**	226	**226**	226
(Accumulated losses)/Retained profits		**(63,712)**	(21,105)	**19,636**	65
Treasury shares, at cost	24(b)	**(5,150)**	(5,150)	**(5,150)**	(5,150)
		460,146	486,872	**633,599**	614,028
Non-controlling interests		**3,312**	3,982	**–**	–
Total equity		**463,458**	490,854	**633,599**	614,028

Statements of Financial Position
as at 31 December 2015

	NOTE	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
Non-current liabilities					
Post employment benefits obligations	25	**296,759**	273,400	**–**	–
Borrowings	27	**37,432**	87,209	**29,175**	84,245
Tax liabilities		**36,081**	–	**–**	–
Deferred tax liabilities	20	**19,970**	18,371	**–**	–
		390,242	378,980	**29,175**	84,245
Current liabilities					
Payables	28	**237,270**	222,516	**39,230**	33,595
Post employment benefits obligations	25	**25,881**	26,450	**–**	–
Derivative liabilities	26	**1,963**	2,989	**–**	–
Borrowings	27	**379,077**	293,507	**272,250**	214,046
Current tax liabilities		**40,752**	27,710	**–**	–
		684,943	573,172	**311,480**	247,641
Total liabilities		**1,075,185**	952,152	**340,655**	331,886
TOTAL EQUITY AND LIABILITIES		**1,538,643**	1,443,006	**974,254**	945,914

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2015

GROUP	NOTE	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	FOREIGN CURRENCY TRANSLATION RESERVES RM'000	EQUITY-SETTLED EMPLOYEE BENEFITS RM'000	(ACCUMULATED LOSSES)/ RETAINED PROFITS RM'000	ATTRIBUTABLE TO OWNERS OF THE PARENT RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
				NON-DISTRIBUTABLE			DISTRIBUTABLE			
At 1 January 2014		512,796	(5,150)	57,519	(75,757)	–	55,836	545,244	6,921	552,165
Loss for the financial year		–	–	–	–	–	(36,459)	(36,459)	(113)	(36,572)
Other comprehensive loss		–	–	–	(30,229)	–	(40,482)	(70,711)	(2,773)	(73,484)
Total comprehensive loss		–	–	–	(30,229)	–	(76,941)	(107,170)	(2,886)	(110,056)
Issue of shares pursuant to private placement	24(a)	40,500	–	8,072	–	–	–	48,572	–	48,572
Share based payment under ESOS	24(c)	–	–	–	–	226	–	226	–	226
Dividends		–	–	–	–	–	–	–	(53)	(53)
Total transactions with owners		40,500	–	8,072	–	226	–	48,798	(53)	48,745
At 31 December 2014		553,296	(5,150)	65,591	(105,986)	226	(21,105)	486,872	3,982	490,854
At 1 January 2015		**553,296**	**(5,150)**	**65,591**	**(105,986)**	**226**	**(21,105)**	**486,872**	**3,982**	**490,854**
Loss for the financial year		**–**	**–**	**–**	**–**	**–**	**(48,960)**	**(48,960)**	**(1,067)**	**(50,027)**
Other comprehensive income		**–**	**–**	**–**	**15,881**	**–**	**1,487**	**17,368**	**5,263**	**22,631**
Total comprehensive income/(loss)		**–**	**–**	**–**	**15,881**	**–**	**(47,473)**	**(31,592)**	**4,196**	**(27,396)**
Accretion/(Dilution) from changes in subsidiary's stake		**–**	**–**	**–**	**–**	**–**	**4,866**	**4,866**	**(4,866)**	**–**
At 31 December 2015		**553,296**	**(5,150)**	**65,591**	**(90,105)**	**226**	**(63,712)**	**460,146**	**3,312**	**463,458**

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2015

COMPANY	NOTE	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	NON-DISTRIBUTABLE SHARE PREMIUM RM'000	NON-DISTRIBUTABLE EQUITY-SETTLED EMPLOYEE BENEFITS RM'000	DISTRIBUTABLE RETAINED PROFITS RM'000	TOTAL EQUITY RM'000
At 1 January 2014		512,796	(5,150)	57,519	–	25,303	590,468
Loss for the financial year/ Total comprehensive loss		–	–	–	–	(25,238)	(25,238)
Issue of shares pursuant to private placement	24(a)	40,500	–	8,072	–	–	48,572
Share based payment under ESOS	24(c)	–	–	–	226	–	226
Total transactions with owners		40,500	–	8,072	226	–	48,798
At 31 December 2014		553,296	(5,150)	65,591	226	65	614,028
At 1 January 2015		**553,296**	**(5,150)**	**65,591**	**226**	**65**	**614,028**
Profit for the financial year/ Total comprehensive income		**–**	**–**	**–**	**–**	**19,571**	**19,571**
At 31 December 2015		**553,296**	**(5,150)**	**65,591**	**226**	**19,636**	**633,599**

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 31 December 2015

	NOTE	GROUP 2015 RM'000	GROUP 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**1,427,022**	1,346,278
Cash paid to suppliers and employees		**(1,348,766)**	(1,367,252)
		78,256	(20,974)
Interest received		**703**	1,474
Interest paid		**(15,878)**	(14,225)
Taxation paid		**(25,991)**	(17,559)
Net cash from/(used in) operating activities		**37,090**	(51,284)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest paid		**(7,259)**	(8,135)
Purchase of property, plant and equipment	14(b)	**(24,508)**	(21,586)
Proceeds from disposal of property, plant and equipment		**1,434**	5,435
Purchase of intangible assets	15	**(1,857)**	(3,163)
Proceeds from disposal of intangible assets		**43**	26
Development expenses paid	15	**(417)**	(784)
Proceeds from disposal of subsidiaries, net of cash and bank balances		**–**	9,020
Proceeds from disposal of available-for-sale financial assets		**35**	585
Net cash used in investing activities		**(32,529)**	(18,602)
CASH FLOWS FROM FINANCING ACTIVITIES			
Deposits pledged		**(1,507)**	(2,296)
Net proceeds from issue of shares	24(a)	**–**	48,572
Drawdown of bank borrowings		**287,497**	246,990
Repayment of bank borrowings		**(290,282)**	(262,969)
Repayment of hire purchase and lease payables		**(332)**	(627)
Net cash (used in)/from financing activities		**(4,624)**	29,670
Net decrease in cash and cash equivalents during the financial year		**(63)**	(40,216)
Foreign currency translation		**(2,917)**	(2,803)
Cash and cash equivalents at beginning of the financial year		**60,080**	103,099
Cash and cash equivalents at end of the financial year	23	**57,100**	60,080

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 31 December 2015

	NOTE	COMPANY 2015 RM'000	COMPANY 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**111,598**	85,484
Cash paid to suppliers and employees		**(101,966)**	(104,017)
		9,632	(18,533)
Interest received		**128**	631
Interest paid		**(9,487)**	(7,590)
Taxation refunded		**140**	–
Net cash from/(used in) operating activities		**413**	(25,492)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest paid		**(6,066)**	(7,084)
Dividends received		**1,938**	3,407
Purchase of property, plant and equipment	14(b)	**(13)**	(30)
Repayment from subsidiaries		**12,986**	5,253
Net cash from investing activities		**8,845**	1,546
CASH FLOWS FROM FINANCING ACTIVITIES			
Deposits pledged		**(1,507)**	(2,296)
Net proceeds from issue of shares	24(a)	**–**	48,572
Drawdown of bank borrowings		**163,123**	132,393
Repayment of bank borrowings		**(188,410)**	(147,464)
Repayment of hire purchase and lease payables		**(126)**	(126)
Net cash (used in)/from financing activities		**(26,920)**	31,079
Net (decrease)/increase in cash and cash equivalents during the financial year		**(17,662)**	7,133
Cash and cash equivalents at beginning of the financial year		**24,803**	17,670
Cash and cash equivalents at end of the financial year	23	**7,141**	24,803

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2015

1. GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company and its subsidiaries include manufacturing and distribution of writing instruments, art, painting and hobby products, school and office stationery, printer consumables, papeterie products, provision of computer software and hardware products, provision of logistics services and investment holding. The Group distributes its products through wholesalers, dealers, retailers, modern trade channels including hypermarkets, schools and specialised stores for luxury items. There have been no significant changes in the nature of the Group's activities during the financial year.

The address of the registered office and principal place of business of the Company is as follows:

No. 9, Jalan Pemaju U1/15, Seksyen U1
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Malaysia

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 31 March 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 37 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

2.2 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of these financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 4 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

Notes to the Financial Statements
for the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the financial year are included in the statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Intercompany balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The identifiable assets acquired and the liabilities assumed are measured at their fair values at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 Income Taxes and MFRS 119 Employee Benefits respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 Share-based Payment at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation (continued)

The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a negative goodwill. The accounting policy for goodwill is set out in Note 2.5(a) to the financial statements. Discount on acquisition which represents negative goodwill is recognised immediately as income in the statement of comprehensive income.

Acquisition costs incurred are expensed and included in administrative expenses.

In business combinations achieved in stages, previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the statement of comprehensive income.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from shareholders' equity. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either fair value or its proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in shareholders' equity.

Notes to the Financial Statements
for the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation (continued)

If the Group loses control over a subsidiary, at the date the Group loses control, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their respective carrying amounts.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration or distribution received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in the statement of comprehensive income.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment charges. Dividends received from subsidiaries are recorded as a component of other operating income in the Company's separate statement of comprehensive income.

2.4 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the subsequent costs will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial year in which they are incurred.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated as it has an indefinite life. Construction/capital work-in-progress represents machinery under installation and renovation-in-progress and is stated at cost. Construction/capital work-in-progress is not depreciated until such time when the asset is ready for their intended use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset over their estimated useful life, as follows:

Buildings	50 years
Machinery, technical equipment and mould	1 - 30 years
Office equipment, furniture and fittings	1 - 15 years
Motor vehicles	1 - 10 years

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

At the end of each reporting period, the Group and Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Impairment assessment on property, plant and equipment is carried out based on the Group and the Company's policies as disclosed in Note 2.11 to the financial statements.

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in the statement of comprehensive income.

2.5 Intangible assets

(a) Goodwill

Goodwill includes purchased goodwill and the excess of the fair value of purchase consideration of subsidiaries and associates over the Group's share of the net fair value of their identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Negative goodwill represents the excess of the Group's share of the fair value of identifiable net assets acquired over the cost of acquisition. Negative goodwill is recognised in the statement of comprehensive income immediately.

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

(b) Other intangible assets (continued)

After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over their estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors; there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in the statement of comprehensive income when the asset is derecognised.

Research and development

Research expenditure is recognised as an expense when incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. The amount initially recognised is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria as listed above. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding 9 years. Impairment is assessed on a yearly basis and whenever there is an indication of impairment. The amortisation period and method are also reviewed at least once at the end of each reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

(b) Other intangible assets (continued)

Trademark

Trademark relates mainly to the "Geha" brand and was acquired through business combinations. The management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash flows to the Group. Trademarks are measured at cost and reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use specific software. These costs are amortised over their estimated useful lives (3 - 5 years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 3 years).

2.6 Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has no control or joint control over those policies.

In the Company's separate financial statements, an investment in associate is stated at cost less accumulated impairment losses, if any.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate. The Group's share of net profit or loss of the associate is recognised in the consolidated statement of comprehensive income. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes, when applicable, in the statement of changes in equity. Unrealised gains or losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss with respect to the Group's net investment in the associate. At the end of each reporting period, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then, recognises the loss in the statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Associates (continued)

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or made payments on behalf of the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method of accounting. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of the results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

2.7 Assets acquired under finance lease and hire purchase agreements

Leases are classified as finance lease and hire purchase whenever the terms of the lease transfer substantially all the risk and rewards to the lessee. Assets held under finance lease are initially recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the minimum lease payments. The corresponding liability to the lease is included in the statement of financial position as a finance lease obligation. The capital element of the finance lease rental and hire purchase is applied to reduce the outstanding obligations and the interest element is charged to the statement of comprehensive income so as to give a constant periodic rate of interest on the outstanding liability at the end of each reporting period. Assets acquired under finance leases and hire purchases are depreciated over the useful lives of equivalent owned assets.

2.8 Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

2.9 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the weighted average method. The cost of raw materials comprises cost of purchase. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Employee benefits

(a) Short term employee benefits

The Group recognises a liability and an expense for bonuses where it is contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(b) Defined contribution plan

The Group's contributions to defined contribution plans are charged to the statement of comprehensive income in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(c) Defined benefit plan

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of each reporting period minus the fair value of plan assets, together with adjustments for actuarial gains and losses and past service cost. The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of each reporting period.

The defined benefit obligation, 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.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a corresponding charge or credit to other comprehensive income in the period in which they occur. Re-measurements recorded in other comprehensive income are not recycled. However, the entity may transfer those amounts recognised in other comprehensive income within equity.

Past service costs are recognised in profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net-interest is calculated by applying the discount rate to the net defined benefit liability or asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Employee benefits (continued)

(c) Defined benefit plan (continued)

Defined benefit costs are split into three categories:

- service cost, past-service cost, gains and losses on curtailments and settlements;
- net-interest expense or income; and
- re-measurement

The Group presents the first two components of defined benefit costs in the line item "employee benefits expense" in its consolidated income statement. Curtailments gains and losses are accounted for as past-service costs.

Re-measurement are recorded in other comprehensive income.

(d) Termination benefits

The Group recognises termination benefits, according to the relevant laws applicable in the respective countries, when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

(e) Share-based payments

Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based transaction are set out in Note 32 to the financial statements.

2.11 Impairment of non-financial assets

The carrying amounts of assets, other than inventories, deferred tax assets and financial assets (excluding investments in subsidiaries and associates), are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible assets might be impaired.

The recoverable amount of an asset is estimated individually. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment of non-financial assets (continued)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the statement of comprehensive income in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount (net of amortisation or depreciation) that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the statement of comprehensive income.

2.12 Income tax

Income tax in the statement of comprehensive income for the year comprises current and deferred tax.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits including withholding taxes payable by foreign subsidiaries and associates on distributions of retained profits to companies in the Group.

Deferred tax is recognised in full using the liability method on temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. See significant accounting estimates and judgements in Note 4.3(c) to the financial statements on deferred tax assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income tax relates to the same tax authority.

Deferred tax will be recognised as income or expense and included in statement of comprehensive income for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Notes to the Financial Statements
for the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits and other short term, highly liquid investments that are readily convertible to cash and which have an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group and Company's cash management. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2.14 Borrowing costs

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to the statement of comprehensive income. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

2.15 Revenue recognition

(a) Revenue

Revenue comprises the invoiced value for the sale of goods and services net of sales taxes, rebates and discounts, and after eliminating sales within the Group in the consolidated statement of comprehensive income. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue in respect of the rendering of services is recognised when the stage of completion at the end of the reporting period and the cost incurred can be reliably measured.

(b) Dividend income

Dividend income from investments is recognised when the shareholders' right to receive payment have been established.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Share capital

(a) Classification

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method. Where the treasury stock is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. The consideration paid, including any attributable transaction costs, is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

(b) Share issue cost

Cost directly attributable to the issuance of new shares are deducted from share premium.

(c) Dividends to shareholders of the Company

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

2.17 Provision

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

2.18 Warranty

The Group recognises the estimated liability to repair or replace products still under warranty at the end of each reporting period. This provision is calculated based on past history of the level of repairs and replacements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are converted into functional currency at exchange rates at the dates of transaction. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at exchange rates at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the statement of comprehensive income in the period they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the end of each reporting period;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- foreign currencies differences are recognised in foreign currencies translation reserves. On disposal, accumulated translation differences are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in the statement of comprehensive income in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in the statement of comprehensive income upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Foreign currencies (continued)

(c) Foreign operations (continued)

The principal closing rates used in translation of foreign currency amounts are as follows:

	2015 RM	2014 RM
Foreign currency		
GBP (British Pound)	**6.3599**	5.4332
EUR (EU Euro)	**4.6859**	4.2518
CHF (Swiss Franc)	**4.3279**	3.5349
USD (US Dollar)	**4.2966**	3.4981
AUD (Australian Dollar)	**3.1357**	2.8531
SGD (Singapore Dollar)	**3.0363**	2.6429
BGN (Bulgarian Lev)	**2.3836**	2.1737
TRY (Turkish Lira)	**1.4711**	1.5054
AED (Arab Emirates Dirham)	**1.1696**	0.9522
PLN (Polish Zloty)	**1.0975**	0.9880
RON (Romanian New Lei)	**1.0340**	0.9487
CNY (Chinese Yuan Renminbi)	**0.6618**	0.5685
HKD (Hong Kong Dollar)	**0.5543**	0.4509
SEK (Swedish Krona)	**0.5099**	0.4480
NOK (Norwegian Kroner)	**0.4874**	0.4694
ARS (Argentine Peso)	**0.3318**	0.4094
MXN (Mexican Peso)	**0.2477**	0.2368
CZK (Czech Koruna)	**0.1733**	0.1533
TWD (New Taiwan Dollar)	**0.1304**	0.1101
THB (Thai Baht)	**0.1189**	0.1061
INR (Indian Rupee)	**0.0648**	0.0549
JPY (Japanese Yen)	**0.0357**	0.0292
HUF (Hungarian Forint)	**0.0149**	0.0135
COP (Colombian Peso in thousand)	**1.3400**	1.4500
IDR (Indonesian Rupiah in thousand)	**0.3100**	0.2800

2.20 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

Notes to the Financial Statements
for the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Financial instruments (continued)

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in the statement of comprehensive income. Net gains or losses on financial assets classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in the statement of comprehensive income as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in the statement of comprehensive income when the financial assets are derecognised or impaired, and through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Financial instruments (continued)

(a) Financial assets (continued)

Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets of the Group and Company classified in this category include receivables, deposits, cash and bank balances.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in the statement of comprehensive income when the financial assets are derecognised or impaired, and through the amortisation process.

Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in the statement of comprehensive income. However, interest calculated using the effective interest method is recognised in the statement of comprehensive income whilst dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the Group’s right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in the statement of comprehensive income.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

Notes to the Financial Statements
for the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Financial instruments (continued)

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition. The derivative liabilities of the Group is categorised as financial liabilities at fair value through profit or loss.

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in the statement of comprehensive income. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in the statement of comprehensive income as components of other income or other operating losses.

Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss. The other financial liabilities of the Group and Company include payables and borrowings. The summary of financial instruments category are set out in Note 34(b) to the financial statements.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in the statement of comprehensive income when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Held-to-maturity investments and loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the debtors or investee, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on held-to-maturity investments and loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

The carrying amount of held-to-maturity investments is directly reduced by the impairment loss whilst the carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in the statement of comprehensive income.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is transferred from equity to the statement of comprehensive income.

Impairment losses on available-for-sale equity investments are not reversed in the statement of comprehensive income in subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed to the statement of comprehensive income if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in the statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Contingent liabilities and contingent assets

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligation, whose existence will only be confirmed by occurrence or non occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of an outflow of economic benefit is remote.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

2.23 Segment reporting

Operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 5 to the financial statements, including the factors used to identify the reportable segments and measurement basis of segment information.

2.24 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

3. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

3.1 New and revised MFRSs affecting amounts reported and/or disclosures in the financial statements

In the current financial year, 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 2015. The adoption of these new and revised MFRSs did not have any material impact on the financial statements of the Group and the Company.

3.2 New and revised MFRSs in issue but not yet effective

The following are accounting standards and amendments of the MFRS framework that have been issued by the MASB that are relevant but have not been adopted by the Group and the Company.

MFRSS, AMENDMENTS TO MFRSS AND IC INTERPRETATIONS		EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRSs	Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128	Sale and Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group and the Company are in the process of assessing the impact of implementing these standards and amendments and will adopt the above pronouncements when they become effective in the respective periods.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during and at the end of the reporting period.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.2 Critical judgements made in applying accounting policies

(a) Contingent liabilities

When the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be contingent liabilities and account for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

The determination and treatment of other contingent liabilities are based on the Directors' and management's view of the expected outcome of the contingencies, after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of the business.

(b) Translation of foreign operation

The Group applied the direct method of consolidation to translate the financial statements of its foreign subsidiaries into the functional currency of the Company, which is also the presentation currency of the Group. Under the direct method of consolidation, the financial statements of all its foreign subsidiaries are translated directly into the functional currency of the Company.

4.3 Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have significant effect on the amounts recognised in the financial statements:

(a) Impairment of goodwill and trademark

The Group determines whether goodwill and trademark are impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which goodwill and trademark are allocated. Estimating value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts and further details are disclosed in Note 15 to the financial statements.

(b) Depreciation of property, plant and equipment

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values, therefore future depreciation charges may be revised. Estimating the value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts and further details are disclosed in Note 14 to the financial statements.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and capital allowances to the extent that is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying amounts of unused tax losses is disclosed in Note 20 to the financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.3 Key sources of estimation uncertainty (continued)

(d) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(e) Impairment of assets

The Group determines whether an asset is impaired by evaluating the extent to which the recoverable amount of an asset is less than its carrying amount. This evaluation is subject to factors such as market performance, economic and political situation of the country.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect its income and cash flows. Judgement has been used to determine the discount rate for the cash flows and the future growth of the business.

(f) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(g) Impairment of development expenditure

Certain judgements in terms of assessing future uncertain parameters such as future economic growth, future inflationary figures, appropriate discount rates and etc., are required to be made in order to project the future cash flows of the development products. These judgements are based on the historical track record and expectations of future events that are believed to be reasonable under the current circumstances. Where expectations differ from the original estimate, the differences will impact the carrying amount of development expenditure.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.3 Key sources of estimation uncertainty (continued)

(h) Income taxes

The Group is subject to income taxes in a few jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

(i) Fair value of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on similar size and business risk.

(j) Defined benefit plan

The Group determines the present value of the defined benefit obligation and the fair value of any plan asset based on calculations provided by independent actuaries using the relevant assumptions as disclosed in Note 25 to the financial statements. Where expectations differ from the original estimate, the differences will impact the carrying amount of the post employment benefits obligations.

5. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their geographical locations of the assets. The management has determined the operating segments based on the reports reviewed by the Chief Executive Officer.

The Group is organised on a worldwide basis into 5 main geographical units:

- Germany
- Switzerland
- Rest of Europe
- Americas
- Rest of World

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Segment revenue, expenses and results include transfers between operating segments. These transfers are eliminated on consolidation.

5. SEGMENT INFORMATION (continued)

Analysis of the Group's revenue, results and other information by geographical locations of the assets are as follows:

2015	GERMANY RM'000	SWITZERLAND RM'000	REST OF EUROPE RM'000	AMERICAS RM'000	REST OF WORLD RM'000	ELIMINATION RM'000	GROUP RM'000
Revenue:							
External customers	659,926	109,601	273,507	215,774	72,700	–	1,331,508
Inter-segment	436,667	50,888	57,108	13,993	113,797	(672,453)	–
Total revenue	1,096,593	160,489	330,615	229,767	186,497	(672,453)	1,331,508
Results:							
Segment result	(18,658)	1,259	890	50,017	(20,335)	(15,534)	(2,361)
Finance costs	(16,027)	(4,869)	(2,064)	(1,427)	(16,688)	17,938	(23,137)
Taxation	22,986	(25,938)	(3,304)	(15,444)	(2,829)	–	(24,529)
(Loss)/Profit for the financial year	(11,699)	(29,548)	(4,478)	33,146	(39,852)	2,404	(50,027)
Other segment information:							
Interest income	6,266	3,294	417	2,081	4,875	(16,230)	703
Depreciation and amortisation	25,216	4,065	4,522	4,561	2,192	–	40,556
Other material non-cash items:							
Impairment losses on receivables - net	617	550	106	(715)	–	–	558
(Reversal of)/Inventories written down	(2,196)	761	(541)	234	15	–	(1,727)
Capital expenditure	19,008	192	9,638	846	717	–	30,401
Assets:							
Segment assets	820,698	54,149	171,377	187,666	153,889	–	1,387,779
Pension trust fund	–	–	–	–	150,864	–	150,864
							1,538,643
Liabilities:							
Segment liabilities	417,575	84,671	156,919	66,233	349,787	–	1,075,185

Notes to the Financial Statements
for the financial year ended 31 December 2015

5. SEGMENT INFORMATION (continued)

2014	GERMANY RM'000	SWITZERLAND RM'000	REST OF EUROPE RM'000	AMERICAS RM'000	REST OF WORLD RM'000	ELIMINATION RM'000	GROUP RM'000
Revenue:							
External customers	708,322	112,828	290,148	209,256	61,566	–	1,382,120
Inter-segment	569,722	47,288	64,586	11,541	116,801	(809,938)	–
Total revenue	1,278,044	160,116	354,734	220,797	178,367	(809,938)	1,382,120
Results:							
Segment result	(545)	(10,028)	(10,848)	44,881	(5,873)	(18,923)	(1,336)
Finance costs	(16,278)	(3,005)	(2,015)	(1,432)	(15,852)	16,269	(22,313)
Taxation	741	7,308	(3,177)	(16,534)	(1,261)	–	(12,923)
(Loss)/Profit for the financial year	(16,082)	(5,725)	(16,040)	26,915	(22,986)	(2,654)	(36,572)
Other segment information:							
Interest income	6,194	3,394	491	1,076	6,588	(16,269)	1,474
Depreciation and amortisation	26,631	5,139	4,451	4,428	2,336	–	42,985
Other material non-cash items:							
Impairment of intangible assets	–	3,044	–	–	–	–	3,044
Impairment losses on receivables - net	936	(14)	163	1,559	165	–	2,809
(Reversal of)/Inventories written down	(342)	108	228	(99)	664	–	559
Capital expenditure	16,178	132	1,674	6,905	708	–	25,597
Assets:							
Segment assets	736,998	64,434	153,746	171,944	165,020	–	1,292,142
Pension trust fund	–	–	–	–	150,864	–	150,864
							1,443,006
Liabilities:							
Segment liabilities	368,553	41,277	141,334	60,984	340,004	–	952,152

5. SEGMENT INFORMATION (continued)

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

Business segment information

	GROUP	
	2015	**2014**
	RM'000	**RM'000**
Sale of goods	**1,287,476**	1,339,624
Logistics and related services	**27,576**	23,684
Information technology and related services	**16,456**	18,812
	1,331,508	1,382,120

6. REVENUE

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sales of goods	**1,287,476**	1,339,624	**97,133**	100,367
Services rendered	**44,032**	42,496	**–**	–
	1,331,508	1,382,120	**97,133**	100,367

7. STAFF COSTS

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages, salaries and bonuses	**320,479**	326,629	**3,822**	4,015
Defined contribution plan	**54,511**	54,778	**14**	15
Defined benefit retirement plan	**10,018**	11,927	**452**	450
Other employee related benefits	**10,447**	8,885	**82**	325
	395,455	402,219	**4,370**	4,805

Staff costs as shown above include the remuneration of the key management personnel (including the Executive Director) as disclosed in Note 8 and Note 9 to the financial statements.

Notes to the Financial Statements
for the financial year ended 31 December 2015

8. COMPENSATION OF KEY MANAGEMENT PERSONNELS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages, salaries and bonuses	**14,553**	11,948	**1,632**	1,550
Defined contribution plan	**274**	256	**196**	186
Defined benefit retirement plan	**270**	235	**–**	–
Other employee related benefits	**614**	491	**94**	35
	15,711	12,930	**1,922**	1,771

9. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-executive Directors				
Fees	**400**	457	**400**	457
Executive Director				
Salaries	**1,632**	1,550	**1,632**	1,550
Defined contribution plan	**196**	186	**196**	186
Estimated monetary value of benefits in kind	**94**	35	**94**	35
	2,322	2,228	**2,322**	2,228

10. (LOSS)/PROFIT FROM OPERATIONS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(Loss)/Profit from operations is arrived at after charging/(crediting):				
Amortisation of intangible assets	**4,057**	5,277	**–**	–
Auditors' remuneration:				
- statutory audit	**3,295**	3,059	**165**	165
- underprovision in prior year	**37**	313	**–**	9
Bad debts written off	**826**	566	**1**	18
Depreciation of property, plant and equipment	**36,499**	37,708	**408**	500
Dividend income	**–**	–	**(1,938)**	(3,407)
Expense recognised in respect of equity-settled employee benefits	**–**	226	**–**	226
External logistics, outward freight and packaging	**44,328**	58,421	**–**	–

10. (LOSS)/PROFIT FROM OPERATIONS (continued)

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(Loss)/Profit from operations is arrived at after charging/(crediting): (continued)				
Fair value adjustments on derivative liabilities	**(1,026)**	(840)	**–**	–
Gain on disposal of intangible asset	**(43)**	(26)	**–**	–
Gain on disposal of investments in subsidiaries	**–**	(3,777)	**(64,328)**	–
Impairment losses on receivables - net	**558**	2,809	**1,935**	–
Impairment of intangible assets	**–**	3,044	**–**	–
Impairment of property, plant and equipment	**–**	278	**–**	–
Interest income	**(703)**	(1,474)	**(4,589)**	(6,294)
(Reversal of)/Inventories written down	**(1,727)**	559	**–**	–
Loss on disposal of property, plant and equipment	**2,036**	7	**–**	–
Net loss/(gain) on foreign exchange:				
- realised	**8,212**	(287)	**4,461**	479
- unrealised	**(3,721)**	10,458	**20,304**	12,183
Property, plant and equipment written off	**2,742**	882	**–**	–
Rental:				
- land and buildings	**25,033**	20,206	**230**	230
- other equipment	**4,108**	3,067	**22**	24
- plant and machinery	**2,621**	2,683	**–**	–
Research and development expenses	**14,808**	17,841	**–**	–
Sales promotion	**58,453**	57,269	**4**	10

The cost of inventories recognised as expense during the financial year of the Group amounted to RM653,776,000 (2014: RM737,872,000).

11. FINANCE COSTS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense on bank borrowings	**21,201**	20,145	**14,725**	14,094
Factoring charges	**1,936**	2,168	**–**	–
Interest - others	**–**	–	**828**	580
	23,137	22,313	**15,553**	14,674

Notes to the Financial Statements
for the financial year ended 31 December 2015

12. TAXATION

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Current year tax expense based on profit for the financial year:				
- Malaysian tax	**–**	–	**–**	–
- Foreign tax	**69,043**	32,953	**–**	–
	69,043	32,953	**–**	–
Under-provision in prior years	**2,370**	818	**–**	–
	71,413	33,771	**–**	–
Deferred tax	**(46,884)**	(20,848)	**–**	–
Tax expense	**24,529**	12,923	**–**	–

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Deferred tax:				
Amount recognised in profit or loss	**(46,884)**	(20,848)	**–**	–
Amount recognised in other comprehensive income	**(629)**	(1,728)	**–**	–
Total (Note 20)	**(47,513)**	(22,576)	**–**	–

The numerical reconciliation between the average effective tax and the tax based on applicable tax rate are as follows:

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	**(6,375)**	(5,912)	**4,893**	(6,310)
Tax effects of:				
- different tax regime	**(5,442)**	5,205	**–**	–
- expenses not deductible for tax purposes	**12,553**	8,909	**10,017**	7,197
- income not subject to tax	**(1,848)**	(3,519)	**(17,690)**	(2,425)
- deferred tax assets not recognised in respect of current year's tax losses	**23,271**	7,422	**2,780**	1,538
- under-provision in prior years	**2,370**	818	**–**	–
Tax expense	**24,529**	12,923	**–**	–

13. EARNINGS PER SHARE ("EPS")

Basic EPS:

Basic EPS are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

The following table reflects the profit and share data used in the computation of basic loss per share:

	GROUP	
	2015 RM'000	**2014 RM'000**
Loss attributable to owners of the parent	**(48,960)**	(36,459)

	GROUP	
	2015 '000	**2014 '000**
Weighted average number of ordinary shares in issue	**548,368**	528,118
	SEN	**SEN**
Basic loss per ordinary share	**(8.93)**	(6.90)

Diluted EPS:

The ESOS that could potentially dilute the earnings per ordinary shares were not included in the calculation of diluted earnings per ordinary shares as it would have an anti-dilution effect thereon. Accordingly, the diluted earnings per ordinary share is the same as the basic earnings per ordinary share.

Notes to the Financial Statements

for the financial year ended 31 December 2015

14. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND RM'000	BUILDINGS RM'000	MACHINERY, TECHNICAL EQUIPMENT AND MOULD RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK-IN-PROGRESS RM'000	TOTAL RM'000
Carrying amounts							
At 1 January 2014	29,425	285,881	132,622	24,570	2,402	6,755	481,655
Additions	–	624	4,962	4,716	162	11,186	21,650
Disposals	–	(4,938)	(264)	(232)	(7)	(1)	(5,442)
Transfers	–	(1,439)	4,647	2,422	–	(5,709)	(79)
Depreciation	–	(9,612)	(20,214)	(6,958)	(924)	–	(37,708)
Impairment	–	–	(264)	(14)	–	–	(278)
Write off	–	–	(339)	(536)	(7)	–	(882)
Foreign currencies translation	(1,285)	(14,770)	(7,264)	(1,204)	(86)	(657)	(25,266)
At 31 December 2014	28,140	255,746	113,886	22,764	1,540	11,574	433,650
At 1 January 2015	**28,140**	**255,746**	**113,886**	**22,764**	**1,540**	**11,574**	**433,650**
Additions	**3,851**	**9,201**	**9,468**	**4,381**	**176**	**1,050**	**28,127**
Disposals	**–**	**(2,765)**	**(278)**	**(427)**	**–**	**–**	**(3,470)**
Transfers	**–**	**100**	**5,963**	**247**	**–**	**(6,345)**	**(35)**
Depreciation	**–**	**(8,850)**	**(20,650)**	**(6,274)**	**(725)**	**–**	**(36,499)**
Write off	**–**	**(2)**	**(2,679)**	**(57)**	**(4)**	**–**	**(2,742)**
Foreign currencies translation	**574**	**20,687**	**9,473**	**387**	**91**	**(302)**	**30,910**
At 31 December 2015	**32,565**	**274,117**	**115,183**	**21,021**	**1,078**	**5,977**	**449,941**

GROUP	FREEHOLD LAND RM'000	BUILDINGS RM'000	MACHINERY, TECHNICAL EQUIPMENT AND MOULD RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK-IN-PROGRESS RM'000	TOTAL RM'000
At 31 December 2015							
Cost	**32,565**	**424,227**	**455,181**	**136,623**	**4,934**	**5,977**	**1,059,507**
Accumulated depreciation and impairment	**–**	**(150,110)**	**(339,998)**	**(115,602)**	**(3,856)**	**–**	**(609,566)**
Carrying amounts	**32,565**	**274,117**	**115,183**	**21,021**	**1,078**	**5,977**	**449,941**
At 31 December 2014							
Cost	28,140	387,210	425,412	136,779	4,949	11,574	994,064
Accumulated depreciation and impairment	–	(131,464)	(311,526)	(114,015)	(3,409)	–	(560,414)
Carrying amounts	28,140	255,746	113,886	22,764	1,540	11,574	433,650

14. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	MACHINERY, TECHNICAL EQUIPMENT AND MOULD RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
Carrying amount				
At 1 January 2014	–	269	1,062	1,331
Additions	6	24	–	30
Depreciation	(1)	(78)	(421)	(500)
At 31 December 2014/1 January 2015	**5**	**215**	**641**	**861**
Additions	**–**	**13**	**–**	**13**
Depreciation	**(1)**	**(78)**	**(329)**	**(408)**
At 31 December 2015	**4**	**150**	**312**	**466**
At 31 December 2015				
Cost	**434**	**539**	**1,998**	**2,971**
Accumulated depreciation and impairment	**(430)**	**(389)**	**(1,686)**	**(2,505)**
Carrying amounts	**4**	**150**	**312**	**466**
At 31 December 2014				
Cost	434	526	1,998	2,958
Accumulated depreciation and impairment	(429)	(311)	(1,357)	(2,097)
Carrying amounts	5	215	641	861

Notes to the Financial Statements

for the financial year ended 31 December 2015

14. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The carrying amounts of property, plant and equipment pledged as security for borrowings as disclosed in Note 27 to the financial statements are as follows:

	GROUP	
	2015 RM'000	**2014 RM'000**
Freehold land	**2,192**	5,084
Buildings	**205,970**	185,146
Machinery and technical equipment	**5,796**	8,790
	213,958	199,020

(b) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Purchase of property, plant and equipment	**28,127**	21,650	**13**	30
Financed by term loans	**(3,619)**	–	**–**	–
Financed by hire purchase and finance lease arrangements	**–**	(64)	**–**	–
Cash payments on purchase of property, plant and equipment	**24,508**	21,586	**13**	30

(c) The carrying amount of the Group's and the Company's property, plant and equipment under hire purchase and finance lease agreements are as follows:

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Machinery, technical equipment and mould	**25**	27	**–**	–
Office equipment, furniture and fittings	**484**	118	**81**	118
Motor vehicles	**547**	953	**101**	159
	1,056	1,098	**182**	277

15. INTANGIBLE ASSETS

GROUP	GOODWILL RM'000	TRADEMARKS RM'000	DEVELOPMENT COSTS RM'000	COMPUTER SOFTWARE LICENSE RM'000	TOTAL RM'000
Carrying amounts					
At 1 January 2014	94,735	16,529	13,967	2,849	128,080
Additions	–	–	784	3,163	3,947
Transfer from property, plant and equipment (Note 14)	–	–	–	79	79
Amortisation	–	–	(4,352)	(925)	(5,277)
Impairment	–	–	(3,044)	–	(3,044)
Foreign currencies translation	3,097	(1,014)	(450)	(308)	1,325
At 31 December 2014/1 January 2015	**97,832**	**15,515**	**6,905**	**4,858**	**125,110**
Additions	**–**	**–**	**417**	**1,857**	**2,274**
Transfer from property, plant and equipment (Note 14)	**–**	**–**	**–**	**35**	**35**
Amortisation	**–**	**–**	**(2,394)**	**(1,663)**	**(4,057)**
Foreign currencies translation	**36,128**	**1,579**	**(140)**	**553**	**38,120**
At 31 December 2015	**133,960**	**17,094**	**4,788**	**5,640**	**161,482**
At 31 December 2015					
Cost	**140,935**	**27,119**	**39,777**	**60,738**	**268,569**
Accumulated amortisation and impairment	**(6,975)**	**(10,025)**	**(34,989)**	**(55,098)**	**(107,087)**
Carrying amounts	**133,960**	**17,094**	**4,788**	**5,640**	**161,482**
At 31 December 2014					
Cost	100,748	16,523	35,823	64,153	217,247
Accumulated amortisation and impairment	(2,916)	(1,008)	(28,918)	(59,295)	(92,137)
Carrying amounts	97,832	15,515	6,905	4,858	125,110

The carrying amount of the Group's computer software license under hire purchase and finance lease agreements is RMNil (2014: RM480,000).

Notes to the Financial Statements

for the financial year ended 31 December 2015

15. INTANGIBLE ASSETS (continued)

Impairment test for goodwill and trademarks

Allocation of goodwill and trademarks:

	GROUP	
	2015 RM'000	2014 RM'000
Goodwill		
Germany	**102,805**	68,905
Switzerland	**3,811**	3,113
Argentina	**14,386**	11,663
Japan	**11,932**	13,285
Taiwan	**1,026**	866
	133,960	97,832
Trademarks		
Germany	**17,094**	15,515

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

Key assumptions used for value-in-use calculations:

	EBIT MARGIN		GROWTH RATE		DISCOUNT RATE	
	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Germany	**3.0**	5.0	**1.5**	1.0	**5.3**	5.0
Switzerland	**2.7**	3.2	**0.1**	0.1	**4.9**	5.3
Argentina	**19.9**	18.6	**16.0**	19.0	**37.9**	28.3
Japan	**21.5**	15.8	**3.0**	1.0	**5.2**	4.6
Taiwan	**38.2**	23.4	**1.0**	1.0	**5.6**	5.4

EBIT – budgeted earnings before interest and tax
Growth rate – weighted average growth rate used to extrapolate cash flows beyond the budget period
Discount rate – pre-tax discount rate applied to the cash flow projections

Management determined EBIT based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts within the industry. The discount rates used are pre-tax and reflect specific risks relating to the relevant country.

The management believes that there are no reasonable possible changes in any of the key assumptions used that would cause the carrying amount of the CGUs to materially exceed the recoverable amounts.

16. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2015 RM'000	2014 RM'000
Quoted shares, at cost	**139,693**	167,818
Unquoted shares, at cost	**171,159**	78,046
Less: Impairment loss	**(373)**	(373)
	310,479	245,491
Amount due from subsidiaries (Non-trade)	**160,019**	291,669
	470,498	537,160
Market values of quoted shares	**210,926**	168,050

Amounts due from subsidiaries amounting to RM160,019,000 (2014: RM291,669,000) are considered to be part of the Company's net investments in subsidiaries, which are stated at cost less accumulated impairment losses.

Details of the subsidiaries are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE PERCENTAGE OF OWNERSHIP 2015 %	2014 %	PRINCIPAL ACTIVITIES
Direct subsidiaries				
Pelikan Holding AG	Switzerland	**97.30**	96.64	Investment holding
Pelikan Singapore Pte. Ltd.*	Singapore	**100.00**	100.00	Distribution of stationery and office products
Pelikan Taiwan Co., Ltd.*	Taiwan	**100.00**	100.00	Distribution of stationery and office products
Pelikan Trading (Shanghai) Co. Ltd.*^	China	**–**	100.00	Dormant
PT Pelikan Indonesia*	Indonesia	**99.00**	99.00	Dormant
Pelikan Production (Malaysia) Sdn. Bhd.	Malaysia	**100.00**	100.00	Production of stationery and office products
Pelikan Hardcopy Holding AG	Switzerland	**100.00**	100.00	Investment holding
Pelikan Trading India Private Limited*	India	**100.00**	100.00	Dormant
Pelikan (Thailand) Co. Ltd.*	Thailand	**82.77**	82.77	Distribution of stationery and office supplies
Pelikan Aktiengesellschaft (listed on Berlin and Frankfurt Stock Exchange) (formerly known as Herlitz Aktiengesellschaft)*	Germany	**97.12**	71.32	Investment holding, production and distribution of stationery and office products
Molkari Vermietungsgesellschaft mbH & Co. Objekt Falkensee KG*	Germany	**99.85**	98.54	Property holding
Ganymed Falkensee Grundstücksverwaltungs GmbH*	Germany	**100.00**	100.00	Dormant

Notes to the Financial Statements

for the financial year ended 31 December 2015

16. INVESTMENTS IN SUBSIDIARIES (continued)

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE PERCENTAGE OF OWNERSHIP 2015 %	2014 %	PRINCIPAL ACTIVITIES
Indirect subsidiaries				
Pelikan GmbH*	Germany	**97.30**	96.64	Investment holding
Pelikan PBS-Produktionsgesellschaft mbH & Co. KG*	Germany	**97.30**	96.64	Production and distribution of stationery and office products
Kreuzer Produktion + Vertrieb GmbH*	Germany	**97.30**	96.64	Dormant
Pelikan PBS-Produktion Verwaltungs-GmbH*	Germany	**97.30**	96.64	Dormant
ReMerch GmbH*	Germany	**97.30**	96.64	Services
Pelikan Hardcopy Distribution GmbH & Co. KG	Germany	**97.30**	96.64	Distribution of stationery and office products
Pelikan Distribution Verwaltungs GmbH*	Germany	**97.30**	96.64	Dormant
Pelikan S.A.	Spain	**97.30**	96.64	Distribution of stationery and office products
Pelikan Hellas Ltd.*	Greece	**97.30**	96.64	Distribution of stationery and office products
Pelikan Austria Gesellschaft m.b.H.*	Austria	**97.30**	96.64	Dormant
Pelikan Nederland B.V.*	Netherlands	**97.30**	96.64	Dormant
Pelikan, Inc.*	USA	**97.30**	96.64	Dormant
Pelikan Asia Sdn. Bhd.	Malaysia	**97.30**	96.64	Distribution of stationery and office products
Pelikan Nordic AB	Sweden	**97.30**	96.64	Distribution of stationery and office products
Pelikan France S.A.S.	France	**97.30**	96.64	Distribution of stationery and office products
Pelikan Hardcopy Production AG	Switzerland	**100.00**	100.00	Production and distribution of office products
Pelikan Hardcopy Scotland Limited	United Kingdom	**100.00**	100.00	Production and distribution of office and industrial products
Initio GmbH	Germany	**100.00**	100.00	Dormant
Greif Werke GmbH	Germany	**100.00**	100.00	Dormant
Dongguan Pelikan Hardcopy Ltd.	China	**100.00**	100.00	Production of stationery and office products
Pelikan Hardcopy Asia Pacific Ltd.*	Hong Kong	**100.00**	100.00	Dormant
Pelikan Hardcopy CZ s.r.o.*	Czech Republic	**100.00**	100.00	Production of office products
Pelikan Hardcopy B.V.*	Netherlands	**100.00**	100.00	Dormant
Linea GmbH	Germany	**97.30**	96.64	Distribution of office products
Pelikan Ofis Ve Kirtasiye Malzemeleri Ticaret Ltd. Sirketi*	Turkey	**98.38**	97.98	Distribution of stationery and office products

16. INVESTMENTS IN SUBSIDIARIES (continued)

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE PERCENTAGE OF OWNERSHIP 2015 %	2014 %	PRINCIPAL ACTIVITIES
Indirect subsidiaries (continued)				
Pelikan N.V./S.A. Ω	Belgium	**97.12**	96.64	Distribution of stationery and office products
Pelikan Italia S.p.A. Ω	Italy	**97.12**	96.64	Distribution of stationery and office products
Pelikan México S.A. de C.V. # Ω	Mexico	**97.12**	98.32	Production and distribution of stationery and office products
Pelikan Argentina S.A. Ω	Argentina	**97.12**	98.27	Distribution of stationery and office products
Pelikan Colombia S.A.S. Ω	Colombia	**97.12**	98.17	Production and distribution of stationery and office products
Pelikan Japan K.K. *# Ω	Japan	**97.12**	99.16	Distribution of stationery and office products
Pelikan Middle East FZE *#Ω	United Arab Emirates	**97.12**	100.00	Distribution of stationery and office products
Pelikan Vertrieb Verwaltungs-GmbH *Ω	Germany	**97.12**	96.64	Dormant
Pelikan Vertriebsgesellschaft mbH & Co. KG *Ω	Germany	**97.12**	96.64	Distribution of stationery and office products
Pelikan (Schweiz) AG Ω	Switzerland	**97.12**	96.64	Distribution of stationery and office products
Susy Card GmbH *@	Germany	**–**	71.32	Development, production and distribution of papeterie products
Herlitz Papierverarbeitungs GmbH *Ω	Germany	**97.12**	71.32	Dormant
Convex Schreibwaren-Handels GmbH *Ω	Germany	**97.12**	71.32	Distribution of stationery and office products
Mercoline GmbH *Ω	Germany	**97.12**	71.32	Production and distribution of software and provision of IT services
eCom Logistik GmbH & Co. KG *Ω	Germany	**97.12**	71.32	Logistics services
eCom Logistik Verwaltungs GmbH *Ω	Germany	**97.12**	71.32	Dormant
Herlitz Spolka z.o.o. *Ω	Poland	**97.12**	71.32	Production and distribution of stationery and office products
Herlitz Spol s.r.o. *Ω	Czech Republic	**97.12**	71.32	Distribution of stationery and office products
Herlitz Slovakia s.r.o. *Ω	Slovakia	**97.12**	71.32	Distribution of stationery and office products
Herlitz Hungária Kft. *Ω	Hungary	**97.12**	71.32	Distribution of stationery and office products
Herlitz România S.R.L. *Ω	Romania	**49.53**	36.37	Distribution of stationery and office products
Herlitz Bulgaria EooD *Ω	Bulgaria	**97.12**	71.32	Distribution of stationery and office products
POS Servicegesellschaft mbH *Ω	Germany	**97.12**	71.32	Point of sale services

Notes to the Financial Statements
for the financial year ended 31 December 2015

16. INVESTMENTS IN SUBSIDIARIES (continued)

* Not audited by BDO or BDO member firms.

^ Liquidated during the financial year.

These companies were directly held by the Company in the previous financial year.

@ On 1 January 2015, the business (including assets and liabilities) of Suzy Card GmbH had been merged into Pelikan Aktiengesellschaft.

Ω As disclosed in Note 36, the effective interest of the Group in respective subsidiaries were changed subsequent to the completion of the corporate exercise. Apart from the gain of RM64.328 million recognised by the Company, there were no material financial effects to the Group arising from the said transactions.

Investment in subsidiaries amounting to RM90,157,779 (2014: RM104,748,789) were pledged as security for borrowings of the Company as disclosed in Note 27 to the financial statements.

The Group's subsidiaries which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group, and hence no disclosure of the respective non-controlling interests is made in the financial statements.

17. INVESTMENTS IN ASSOCIATES

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE PERCENTAGE OF OWNERSHIP 2015 %	2014 %	PRINCIPAL ACTIVITIES
Indirect associate				
Artof C.A.*	Venezuela	**21.91**	21.91	Dormant

* Not audited by BDO

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	GROUP 2015 RM'000	2014 RM'000
Quoted shares	**2,784**	2,560
Unquoted shares	**23**	55
	2,807	2,615
Market value of quoted shares	**2,807**	2,560

Information on the fair value hierarchy is disclosed in Note 34(d) to the financial statements.

19. PENSION TRUST FUND

	GROUP AND COMPANY 2015 RM'000	2014 RM'000
Current	**12,680**	12,680
Non-current	**138,184**	138,184
	150,864	150,864

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 of RM65,087,000. 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.

As disclosed in Note 25, the post employment benefits obligations are as follows:

	GROUP 2015 RM'000	2014 RM'000
Liabilities funded by Pension Trust Fund	**129,390**	126,393
Liabilities assumed by the Company	**65,087**	65,087
	194,477	191,480
Other post employment benefit obligations of the Group	**128,163**	108,370
	322,640	299,850

20. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	**99,083**	43,048	**–**	–
Deferred tax liabilities:				
- subject to income tax	**(14,888)**	(13,155)	**–**	–
- subject to capital gains tax	**(5,082)**	(5,216)	**–**	–
	(19,970)	(18,371)	**–**	–
	79,113	24,677	**–**	–

Notes to the Financial Statements
for the financial year ended 31 December 2015

20. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	**24,677**	4,157	**–**	–
Credited/(charged) to statement of comprehensive income: (Note 12)				
- tax losses	**77,593**	17,393	**–**	–
- property, plant and equipment	**(585)**	(14,750)	**–**	–
- inventories	**497**	(24)	**–**	–
- others	**(29,992)**	19,957	**–**	–
	47,513	22,576	**–**	–
Foreign currencies translation and others	**6,923**	(2,056)	**–**	–
At 31 December	**79,113**	24,677	**–**	–
Subject to income tax:				
Deferred tax assets				
Tax losses	**72,400**	40,475	**–**	–
Others	**26,683**	2,573	**–**	–
	99,083	43,048	**–**	–
Deferred tax liabilities				
Property, plant and equipment and intangibles	**(14,888)**	(13,155)	**–**	–
Subject to capital gains tax:				
Deferred tax liabilities				
Property, plant and equipment	**(5,082)**	(5,216)	**–**	–

The tax effects of unused tax losses for which no deferred tax assets are recognised in the statement of financial position are as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unused tax losses	**413,725**	390,454	**9,398**	6,618

21. INVENTORIES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At cost				
Raw materials	**46,622**	41,715	**16**	69
Work in progress	**44,067**	40,651	**–**	–
Finished goods	**143,301**	136,564	**–**	–
	233,990	218,930	**16**	69
At net realisable value				
Raw materials	**4,389**	7,303	**–**	–
Work in progress	**3,939**	5,789	**–**	–
Finished goods	**32,660**	40,248	**–**	–
	274,978	272,270	**16**	69

22. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables				
Third parties	**222,706**	236,028	**2,086**	2,517
Subsidiaries	**–**	–	**14,795**	27,432
Less: Impairment loss	**(9,721)**	(9,561)	**–**	–
	212,985	226,467	**16,881**	29,949
Other receivables				
Amounts due from:				
- Subsidiaries	**–**	–	**247,538**	120,476
- Third parties	**103,757**	104,235	**70,212**	70,254
Prepayments	**3,732**	1,853	**312**	319
Deposits	**4,148**	6,200	**3,354**	5,554
	324,622	338,755	**338,297**	226,552

Trade receivables of the Group pledged as security for borrowings amounted to RM633,000 (2014: RM2,657,000) as disclosed in Note 27 to the financial statements.

The fair values of receivables approximate their carrying amounts.

Credit terms offered by the Group in respect of trade receivables range from 30 days to 120 days (2014: 30 days to 120 days) from date of invoices.

Notes to the Financial Statements

for the financial year ended 31 December 2015

22. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Amounts due from subsidiaries which arose mainly from trade transactions, advances and payments made on behalf are unsecured, interest free and are repayable on demand, except for certain amounts due from subsidiaries which are subject to interest rate of 2.37% (2014: 2.70%) per annum and trade transactions which are subject to normal trade credit terms.

Included in receivables of the Group are amounts due from related parties amounting to RM5,501,000 (2014: RM5,425,000), which arose from trade transactions, are unsecured, interest free and repayable on demand.

The currency exposure profile of receivables, deposits and prepayments is as follows:

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
- EUR	**123,627**	164,057	**206,066**	59,111
- RM	**81,971**	83,560	**100,826**	123,950
- COP	**22,811**	21,691	**–**	–
- USD	**19,226**	24,925	**20,641**	34,575
- ARS	**17,268**	12,468	**–**	–
- MXN	**17,015**	16,009	**–**	–
- RON	**13,017**	–	**–**	–
- JPY	**10,618**	7,121	**66**	142
- PLN	**10,529**	–	**–**	–
- GBP	**2,943**	2,173	**6,644**	4,548
- SGD	**2,135**	1,985	**3,959**	3,901
- CHF	**1,435**	1,881	**–**	281
- THB	**1,031**	1,388	**95**	44
- CZK	**496**	547	**–**	–
- SEK	**201**	34	**–**	–
- CNY	**180**	412	**–**	–
- TWD	**114**	163	**–**	–
- HKD	**5**	5	**–**	–
- IDR	**–**	336	**–**	–
	324,622	338,755	**338,297**	226,552

22. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

The ageing analysis of trade receivables of the Group and the Company are as follows:

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Neither past due nor impaired	**166,932**	188,902	**1,770**	13,799
0 to 30 days past due	**19,625**	20,998	**5,406**	3,605
31 to 60 days past due	**7,345**	8,116	**2,249**	3,622
61 to 90 days past due	**5,310**	3,157	**1,229**	2,700
More than 90 days past due	**23,494**	14,855	**6,227**	6,223
	222,706	236,028	**16,881**	29,949
Allowance for impairment	**(9,721)**	(9,561)	**–**	–
	212,985	226,467	**16,881**	29,949

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. None of the trade receivables of the Group and of the Company that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

As at 31 December 2015, the Group and Company have trade receivables amounting to RM46,020,000 (2014: RM33,182,000) and RM15,111,000 (2014: RM16,150,000) respectively that are past due at the end of the reporting period but not impaired. Trade receivables that are past due but not impaired relate to customers that have good track records with the Group and the Company. Based on past experience and no adverse information to-date, the Directors of the Group and Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered to be fully recoverable.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

GROUP	COLLECTIVELY IMPAIRED RM'000	INDIVIDUALLY IMPAIRED RM'000	TOTAL RM'000
2015			
Trade receivables, gross	**389**	**9,365**	**9,754**
Less: Impairment loss	**(389)**	**(9,332)**	**(9,721)**
	–	**33**	**33**

Notes to the Financial Statements
for the financial year ended 31 December 2015

22. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

GROUP	COLLECTIVELY IMPAIRED RM'000	INDIVIDUALLY IMPAIRED RM'000	TOTAL RM'000
2014			
Trade receivables, gross	8,879	5,065	13,944
Less: Impairment loss	(4,572)	(4,989)	(9,561)
	4,307	76	4,383

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments.

The reconciliation of movement in the impairment loss are as follows:

	GROUP 2015 RM'000	GROUP 2014 RM'000
At 1 January	**9,561**	10,104
Charged for the financial year	**1,702**	3,987
Reversal for the financial year	**(1,144)**	(1,178)
Written off	**(260)**	(2,542)
Foreign currencies translation	**(138)**	(810)
At 31 December	**9,721**	9,561

23. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with licensed banks	**12,488**	23,646	**9,035**	22,630
Cash and bank balances	**58,736**	49,989	**4,880**	7,440
Deposits, cash and bank balances	**71,224**	73,635	**13,915**	30,070
Bank overdrafts (Note 27)	**(7,350)**	(8,288)	**–**	–
	63,874	65,347	**13,915**	30,070
Less: Deposits pledged to licensed banks (Note 27)	**(6,774)**	(5,267)	**(6,774)**	(5,267)
	57,100	60,080	**7,141**	24,803

23. DEPOSITS, CASH AND BANK BALANCES (continued)

Effective interest rates per annum of deposits as at the end of reporting period are as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
	%	%	%	%
Deposits with licensed banks	**3.10 - 3.60**	2.90 - 3.40	**3.10 - 3.60**	2.90 - 3.40

The deposits of the Group and of the Company as at 31 December 2015 have maturity periods ranging between overnight and two months (2014: between overnight and two months). Certain deposits have been pledged to financial institutions for credit facilities.

The currency exposure profile of deposits, cash and bank balances are as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
- EUR	**28,388**	30,364	**699**	3,624
- RM	**9,386**	23,619	**9,182**	23,149
- USD	**7,835**	6,683	**3,875**	3,217
- MXN	**5,960**	2,327	**–**	–
- RON	**4,391**	–	**–**	–
- ARS	**2,896**	3,101	**–**	–
- JPY	**2,335**	879	**140**	62
- CHF	**2,010**	1,630	**14**	14
- TWD	**1,846**	888	**–**	–
- COP	**1,682**	2,579	**–**	–
- HUF	**1,312**	–	**–**	–
- CZK	**766**	48	**–**	–
- HKD	**670**	860	**–**	–
- BGN	**553**	–	**–**	–
- SGD	**383**	204	**–**	–
- CNY	**337**	85	**1**	–
- GBP	**212**	20	**2**	2
- THB	**161**	148	**–**	–
- SEK	**67**	–	**–**	–
- INR	**32**	27	**–**	–
- AUD	**2**	2	**2**	2
- IDR	**–**	171	**–**	–
	71,224	73,635	**13,915**	30,070

Notes to the Financial Statements
for the financial year ended 31 December 2015

24. SHARE CAPITAL

	GROUP AND COMPANY			
	2015		2014	
	NUMBER OF SHARES '000	AMOUNT RM'000	NUMBER OF SHARES '000	AMOUNT RM'000
Ordinary shares of RM1.00 each:				
Authorised:				
As at 1 January/31 December	**1,000,000**	**1,000,000**	1,000,000	1,000,000
Issued and fully paid:				
As at 1 January	**553,296**	**553,296**	512,796	512,796
Private placement	**–**	**–**	40,500	40,500
As at 31 December	**553,296**	**553,296**	553,296	553,296

(a) Issues of shares

There was no issue of shares during the financial year.

In the previous financial year, the Company increased its issued and paid-up capital from RM512,796,061 to RM553,296,061 via issuance of 40,500,000 new ordinary shares of RM1.00 each at an issue price of RM1.33 per share arising from a private placement undertaken pursuant to the shareholders' mandate obtained under Section 132D of the Companies Act, 1965 at the Annual General Meeting held on 18 June 2014. The net proceeds of the private placement after deducting expenses amounted to RM48,572,000.

(b) Treasury shares

	GROUP AND COMPANY			
	2015		2014	
	NUMBER OF SHARES '000	AMOUNT RM'000	NUMBER OF SHARES '000	AMOUNT RM'000
At cost:				
As at 1 January/31 December	**4,928**	**5,150**	4,928	5,150

The Company did not make any purchase of its own shares and none of the treasury shares held were resold or cancelled during the financial year. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Treasury shares have no rights to voting, dividends or participation in other distribution. As at 31 December 2015, the Company held 4,928,011 (2014: 4,928,011) treasury shares, with carrying amount of RM5,149,918 (2014: RM5,149,918).

(c) Equity-settled employee benefits

The equity-settled employee benefits reserve relates to share options granted by the Company to employees under ESOS. Further information about the ESOS is set out in Note 32 to the financial statements.

25. POST EMPLOYMENT BENEFITS OBLIGATIONS

The Group operates both funded and unfunded defined benefits retirement plans for its employees. The latest actuarial valuations of the plans were carried out in 2015.

	REMOVABLE PENSION LIABILITIES			
	FUNDED BY PENSION TRUST FUND RM'000	ASSUMED BY THE COMPANY RM'000	OTHERS RM'000	GROUP TOTAL RM'000
At 31 December 2015				
Current	**16,157**	**–**	**9,724**	**25,881**
Non-current	**113,233**	**65,087**	**118,439**	**296,759**
	129,390	**65,087**	**128,163**	**322,640**
At 31 December 2014				
Current	17,628	–	8,822	26,450
Non-current	108,765	65,087	99,548	273,400
	126,393	65,087	108,370	299,850

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.

Notes to the Financial Statements
for the financial year ended 31 December 2015

25. POST EMPLOYMENT BENEFITS OBLIGATIONS (continued)

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

	GROUP	
	2015 RM'000	2014 RM'000
Service cost:		
Current service cost	**6,286**	5,497
Past service cost and gain from settlements	**(2,963)**	(2,894)
Net interest expense	**6,695**	9,324
Components of defined benefit costs recognised in profit or loss	**10,018**	11,927
Re-measurement on the net defined benefit obligations:		
Return on plan assets (excluding amounts included in net interest expense)	**7,880**	(13,772)
Actuarial gains and losses arising from changes in demographic assumptions	**(942)**	48
Actuarial gains and losses arising from changes in financial assumptions	**(7,145)**	57,923
Actuarial gains and losses arising from experience adjustments	**(600)**	(961)
Components of defined benefit costs recognised in other comprehensive income	**(807)**	43,238
Total	**9,211**	55,165

The amount recognised in the consolidated statement of financial position may be analysed as follows:

	GROUP	
	2015 RM'000	2014 RM'000
Present value of funded defined benefit obligations	**345,138**	308,348
Fair value of plan assets	**(240,303)**	(221,853)
Status of funded plans	**104,835**	86,495
Present value of unfunded obligations	**217,805**	213,355
	322,640	299,850

25. POST EMPLOYMENT BENEFITS OBLIGATIONS (continued)

Movements in the present value of the defined benefit obligations in the current year were as follows:

	GROUP	
	2015 RM'000	**2014 RM'000**
Opening defined benefit obligations	**521,703**	500,355
Current service cost	**6,286**	5,497
Interest expense	**12,987**	16,797
Re-measurement losses/(gains):		
Actuarial gains and losses arising from changes in demographic assumptions	**(942)**	48
Actuarial gains and losses arising from changes in financial assumptions	**(7,145)**	57,923
Actuarial gains and losses arising from experience adjustments	**(600)**	(961)
Past services cost, including gains on curtailments	**(2,963)**	(2,894)
Benefits paid	**(42,492)**	(38,555)
Foreign currencies translation and others	**76,109**	(16,507)
Closing defined benefit obligations	**562,943**	521,703

Movements in the fair value of the plan assets in the current year were as follows:

	GROUP	
	2015 RM'000	**2014 RM'000**
Opening fair value of plan assets	**221,853**	216,688
Interest income	**6,292**	7,473
Re-measurement gains:		
Return on plan assets (excluding amounts included in net interest expense)	**(7,880)**	13,772
Contributions from the employer	**3,088**	3,374
Contributions from plan participants	**1,143**	1,223
Benefits paid	**(23,744)**	(16,864)
Foreign currencies translation and others	**39,551**	(3,813)
Closing fair value of plan assets	**240,303**	221,853

Notes to the Financial Statements
for the financial year ended 31 December 2015

25. POST EMPLOYMENT BENEFITS OBLIGATIONS (continued)

The major categories of plan assets are as follows:

	GROUP	
	2015 RM'000	2014 RM'000
Debt instruments	**95,426**	87,929
Equity instruments	**72,790**	61,846
Alternative investments	**41,008**	44,012
Properties	**16,818**	13,899
Qualifying insurance policies	**9,334**	8,874
Cash and others	**4,927**	5,293
	240,303	221,853

The principal actuarial assumptions used in respect of the Group's defined benefit plans were as follows:

	GROUP	
	2015 %	2014 %
Discount rate	**0.75 - 8.00**	1.00 - 7.50

Significant actuarial assumptions for the determination of the defined benefit obligations are discount rate. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 50 basis points higher or lower with all other variable held constant, the Group's defined benefit obligations would decrease or increase by:

	GROUP DISCOUNT RATE	
	INCREASE BY 50 BASIS POINT RM'000	DECREASE BY 50 BASIS POINT RM'000
At 31 December 2015		
(Decrease)/Increase on defined benefit obligations	**(21,755)**	**22,955**
At 31 December 2014		
(Decrease)/Increase on defined benefit obligations	(15,359)	16,445

25. POST EMPLOYMENT BENEFITS OBLIGATIONS (continued)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

26. DERIVATIVE LIABILITIES

	2015		2014	
	CONTRACT/ NOTIONAL AMOUNT EUR'000	LIABILITIES RM'000	CONTRACT/ NOTIONAL AMOUNT EUR'000	LIABILITIES RM'000
Group				
Interest rate swap	**10,000**	**1,963**	10,000	2,989

The Group has entered into interest rate swap contract with a total of EUR10 million resulting in an exchange of floating for fixed interest rates from fiscal year 2012 to hedge exposure to movements in interest rate on a financing transaction. For a period of 5 years, the variable interest rate is exchanged on the basis of the 3-month Euribor interest at 3.15%. The fair value of interest rate swap contracts is determined by reference to market values of similar instruments.

Notes to the Financial Statements
for the financial year ended 31 December 2015

27. BORROWINGS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current				
Bank overdrafts	**7,350**	8,288	**–**	–
Bankers' acceptances/Trust receipts	**3,528**	5,659	**–**	323
Revolving credits	**189,589**	169,702	**167,212**	144,644
Discounted bills	**60,429**	56,706	**56,911**	48,896
Hire purchase and lease payables	**350**	513	**71**	126
Short term loans	**62,154**	26,906	**–**	–
Term loans	**55,677**	25,733	**48,056**	20,057
	379,077	293,507	**272,250**	214,046
Non-current				
Hire purchase and lease payables	**638**	726	**42**	113
Term loans	**36,794**	86,483	**29,133**	84,132
	37,432	87,209	**29,175**	84,245
Total				
Bank overdrafts (Note 23)	**7,350**	8,288	**–**	–
Bankers' acceptances/Trust receipts	**3,528**	5,659	**–**	323
Revolving credits	**189,589**	169,702	**167,212**	144,644
Discounted bills	**60,429**	56,706	**56,911**	48,896
Hire purchase and lease payables	**988**	1,239	**113**	239
Short term loans	**62,154**	26,906	**–**	–
Term loans	**92,471**	112,216	**77,189**	104,189
	416,509	380,716	**301,425**	298,291

27. BORROWINGS (continued)

Contractual terms of borrowings:

GROUP 2015	EFFECTIVE INTEREST RATE %	FUNCTIONAL CURRENCY	TOTAL CARRYING AMOUNT RM'000	MATURITY PROFILE < 1 YEAR RM'000	2ND YEAR RM'000	3RD YEAR RM'000	4TH YEAR RM'000	5TH YEAR RM'000	> 5 YEARS RM'000
Secured									
Bank overdrafts	7.40 - 7.65	EUR	4,039	4,039	–	–	–	–	–
Banker's acceptances/Trust receipts	2.03 - 2.12	USD	639	639	–	–	–	–	–
Banker's acceptances/Trust receipts	2.91 - 3.68	RM	342	342	–	–	–	–	–
Banker's acceptances/Trust receipts	1.78	EUR	15	15	–	–	–	–	–
Revolving credits	4.27 - 4.42	USD	64,947	64,947	–	–	–	–	–
Revolving credits	4.83 - 5.97	RM	11,091	11,091	–	–	–	–	–
Discounted bill	2.00 - 3.19	USD	23,327	23,327	–	–	–	–	–
Discounted bill	1.42 - 6.92	EUR	3,656	3,656	–	–	–	–	–
Hire purchase and lease payables	5.77 - 5.87	EUR	792	248	408	94	42	–	–
Hire purchase and lease payables	2.33 - 3.55	RM	171	96	55	14	6	–	–
Hire purchase and lease payables	3.40	GBP	25	6	6	13	–	–	–
Short term loans	1.95 - 6.25	EUR	53,541	53,541	–	–	–	–	–
Short term loans	26.50 - 40.00	ARS	4,386	4,386	–	–	–	–	–
Short term loans	7.50	CZK	5	5	–	–	–	–	–
Term loans	6.43 - 6.89	RM	77,189	48,056	29,133	–	–	–	–
Term loans	1.85 - 2.32	CHF	6,405	6,405	–	–	–	–	–
Term loans	1.80 - 2.90	EUR	7,483	898	901	811	780	780	3,313
			258,053	221,697	30,503	932	828	780	3,313
Unsecured									
Bank overdrafts	4.50	GBP	1,825	1,825	–	–	–	–	–
Bank overdrafts	7.10 - 8.50	EUR	975	975	–	–	–	–	–
Bank overdrafts	7.00	USD	511	511	–	–	–	–	–
Bankers' acceptance	4.94	EUR	2,532	2,532	–	–	–	–	–
Revolving credits	2.55 - 4.42	USD	95,202	95,202	–	–	–	–	–
Revolving credits	5.79 - 5.96	RM	11,896	11,896	–	–	–	–	–
Revolving credits	5.26	MXN	6,448	6,448	–	–	–	–	–
Revolving credits	31.06	COP	5	5	–	–	–	–	–
Discounted bills	2.60 - 4.50	USD	21,667	21,667	–	–	–	–	–
Discounted bills	2.26 - 6.92	EUR	11,779	11,779	–	–	–	–	–
Short term loans	1.20	USD	4,222	4,222	–	–	–	–	–
Term loans	4.25	GBP	1,394	318	331	350	363	32	–
			158,456	157,380	331	350	363	32	–
			416,509	379,077	30,834	1,282	1,191	812	3,313

Notes to the Financial Statements
for the financial year ended 31 December 2015

27. BORROWINGS (continued)

Contractual terms of borrowings (continued):

GROUP 2014	EFFECTIVE INTEREST RATE %	FUNCTIONAL CURRENCY	TOTAL CARRYING AMOUNT RM'000	MATURITY PROFILE < 1 YEAR RM'000	2ND YEAR RM'000	3RD YEAR RM'000	4TH YEAR RM'000	5TH YEAR RM'000	> 5 YEARS RM'000
Secured									
Bank overdrafts	6.20 - 7.65	EUR	5,293	5,293	–	–	–	–	–
Banker's acceptances/Trust receipts	3.74 - 5.62	RM	1,441	1,441	–	–	–	–	–
Revolving credits	4.29	USD	52,472	52,472	–	–	–	–	–
Revolving credits	5.33 - 6.13	RM	15,106	15,106	–	–	–	–	–
Discounted bill	1.75 - 2.88	USD	19,175	19,175	–	–	–	–	–
Discounted bill	1.87 - 2.85	EUR	6,149	6,149	–	–	–	–	–
Hire purchase and lease payables	5.77 - 5.87	EUR	884	344	310	230	–	–	–
Hire purchase and lease payables	2.33 - 3.55	RM	325	155	137	13	14	6	–
Hire purchase and lease payables	3.40	GBP	27	11	5	11	–	–	–
Hire purchase and lease payables	2.68 - 2.88	SGD	3	3	–	–	–	–	–
Short term loans	4.25 - 4.85	EUR	23,252	23,252	–	–	–	–	–
Short term loans	27.50 - 28.50	ARS	3,603	3,603	–	–	–	–	–
Short term loans	7.50	CZK	51	51	–	–	–	–	–
Term loans	5.55 - 6.98	RM	104,189	20,057	20,000	20,000	20,000	20,000	4,132
Term loans	1.85 - 2.32	CHF	5,232	5,232	–	–	–	–	–
Term loans	4.19	EUR	1,349	183	316	208	208	208	226
			238,551	152,527	20,768	20,462	20,222	20,214	4,358
Unsecured									
Bank overdrafts	4.25	GBP	1,712	1,712	–	–	–	–	–
Bank overdrafts	9.50 - 11.35	EUR	1,233	1,233	–	–	–	–	–
Bank overdrafts	15.00	ARS	50	50	–	–	–	–	–
Bankers' acceptance	3.25	RM	4,218	4,218	–	–	–	–	–
Revolving credits	4.29 - 5.58	USD	81,095	81,095	–	–	–	–	–
Revolving credits	5.28 - 5.79	RM	13,909	13,909	–	–	–	–	–
Revolving credits	4.85	MXN	7,118	7,118	–	–	–	–	–
Revolving credits	8.10 - 9.90	COP	2	2	–	–	–	–	–
Discounted bills	2.75 - 7.80	EUR	18,690	18,690	–	–	–	–	–
Discounted bills	2.68 - 4.50	USD	12,692	12,692	–	–	–	–	–
Term loans	4.25	GBP	1,446	261	272	283	299	310	21
			142,165	140,980	272	283	299	310	21
			380,716	293,507	21,040	20,745	20,521	20,524	4,379

27. BORROWINGS (continued)

Contractual terms of borrowings (continued):

COMPANY 2015	EFFECTIVE INTEREST RATE %	FUNCTIONAL CURRENCY	TOTAL CARRYING AMOUNT RM'000	MATURITY PROFILE < 1 YEAR RM'000	2ND YEAR RM'000	3RD YEAR RM'000	4TH YEAR RM'000	5TH YEAR RM'000	> 5 YEARS RM'000
Secured									
Revolving credits	4.27 - 4.42	USD	64,947	64,947	–	–	–	–	–
Revolving credits	4.83 - 5.97	RM	7,063	7,063	–	–	–	–	–
Discounted bill	2.00 - 3.19	USD	23,327	23,327	–	–	–	–	–
Discounted bill	1.42 - 2.85	EUR	2,728	2,728	–	–	–	–	–
Hire purchase and lease payables	3.50	RM	113	71	42	–	–	–	–
Term loans	6.43 - 6.89	RM	77,189	48,056	29,133	–	–	–	–
			175,367	146,192	29,175	–	–	–	–
Unsecured									
Revolving credits	2.55 - 4.42	USD	95,202	95,202	–	–	–	–	–
Discounted bills	2.60 - 4.50	USD	21,667	21,667	–	–	–	–	–
Discounted bills	2.26 - 2.75	EUR	9,189	9,189	–	–	–	–	–
			126,058	126,058	–	–	–	–	–
			301,425	272,250	29,175	–	–	–	–

COMPANY 2014	EFFECTIVE INTEREST RATE %	FUNCTIONAL CURRENCY	TOTAL CARRYING AMOUNT RM'000	MATURITY PROFILE < 1 YEAR RM'000	2ND YEAR RM'000	3RD YEAR RM'000	4TH YEAR RM'000	5TH YEAR RM'000	> 5 YEARS RM'000
Secured									
Banker's acceptances/Trust receipts	5.17 - 5.62	RM	323	323	–	–	–	–	–
Revolving credits	4.29	USD	52,472	52,472	–	–	–	–	–
Revolving credits	5.46 - 6.13	RM	11,077	11,077	–	–	–	–	–
Discounted bill	1.75 - 2.88	USD	19,175	19,175	–	–	–	–	–
Discounted bill	1.87 - 2.85	EUR	3,751	3,751	–	–	–	–	–
Hire purchase and lease payables	3.50	RM	239	126	113	–	–	–	–
Term loans	5.55 - 6.98	RM	104,189	20,057	20,000	20,000	20,000	20,000	4,132
			191,226	106,981	20,113	20,000	20,000	20,000	4,132
Unsecured									
Revolving credits	4.29 - 5.58	USD	81,095	81,095	–	–	–	–	–
Discounted bills	2.68 - 3.35	EUR	13,278	13,278	–	–	–	–	–
Discounted bills	2.68 - 4.50	USD	12,692	12,692	–	–	–	–	–
			107,065	107,065	–	–	–	–	–
			298,291	214,046	20,113	20,000	20,000	20,000	4,132

Notes to the Financial Statements
for the financial year ended 31 December 2015

27. BORROWINGS (continued)

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Minimum hire purchase and lease payment:				
- Not later than 1 year	**385**	479	**78**	139
- Later than 1 year and not later than 5 years	**649**	841	**48**	126
	1,034	1,320	**126**	265
Future finance charges	**(46)**	(81)	**(13)**	(26)
	988	1,239	**113**	239
Present value of hire purchase and lease payables:				
- Not later than 1 year	**350**	513	**71**	126
- Later than 1 year and not later than 5 years	**638**	726	**42**	113
	988	1,239	**113**	239

Discounted bills are secured over the subsidiaries' receivables.

Short term loans and bank overdrafts are secured over the subsidiaries' property, plant and equipment as disclosed in Note 14 to the financial statements and trade receivables as disclosed in Note 22 to the financial statements.

The term loans, revolving credits and bankers' acceptances/trust receipts are secured by legal charges over the property, plant and equipment as disclosed in Note 14 to the financial statements, investments in subsidiaries as disclosed in Note 16 to the financial statements and deposits with licensed banks as disclosed in Note 23 to the financial statements.

Hire purchase and lease payables are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Term loans and hire purchase and lease payables which are subject to fixed interest rates amounted to RM13,888,000 (2014: RM6,581,000) and RM988,000 (2014: RM1,239,000) respectively, out of which RM7,223,000 (2014: RM1,892,000) are repayable later than one (1) year.

28. PAYABLES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables	**135,722**	105,550	**17,895**	9,618
Amounts due to subsidiaries	**–**	–	**20,497**	23,124
Accruals:				
- Staff costs	**37,410**	33,753	**130**	136
- Bonus to customers	**37,616**	45,230	**–**	–
- Others	**19,523**	30,305	**591**	538
Employee related benefits	**3,796**	2,205	**–**	–
Other payables	**3,203**	5,473	**117**	179
	237,270	222,516	**39,230**	33,595

The fair values of payables approximate to their carrying amounts.

Credit terms of trade payables granted to the Group and to the Company range from 1 day to 120 days (2014: 1 day to 120 days).

Amounts payable to subsidiaries which arose mainly from trade transactions, advances and payments made on behalf are unsecured, interest free and repayable on demand except for trade transactions which are subject to normal trade credit terms.

Notes to the Financial Statements
for the financial year ended 31 December 2015

28. PAYABLES (continued)

The currencies exposure profiles of payables are as follows:

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
- EUR	**148,655**	155,270	**9,534**	8,255
- MXN	**21,635**	15,704	**–**	–
- USD	**18,982**	11,131	**26,747**	22,749
- CHF	**10,565**	10,651	**–**	–
- COP	**5,843**	8,933	**–**	–
- ARS	**5,037**	5,813	**–**	–
- GBP	**4,868**	4,092	**–**	–
- PLN	**7,066**	–	**–**	–
- CZK	**3,728**	2,646	**–**	–
- RON	**3,182**	–	**–**	–
- RM	**2,434**	2,169	**1,437**	785
- JPY	**1,983**	3,377	**1,512**	1,806
- HUF	**1,265**	–	**–**	–
- CNY	**721**	1,254	**–**	–
- HKD	**428**	656	**–**	–
- TWD	**322**	162	**–**	–
- SGD	**273**	124	**–**	–
- IDR	**202**	164	**–**	–
- SEK	**81**	370	**–**	–
	237,270	222,516	**39,230**	33,595

29. COMMITMENTS

	GROUP	
	2015 RM'000	**2014 RM'000**
Authorised and contracted for:		
- Property, plant and equipment	**1,354**	2,777
Authorised but not contracted for:		
- Property, plant and equipment	**–**	2,118

30. OPERATING LEASE COMMITMENTS

	GROUP	
	2015 RM'000	2014 RM'000
Minimum lease payments under operating lease commitments:		
Not later than 1 year	**9,829**	15,286
Later than 1 year and not later 5 years	**10,272**	15,056
Later than 5 years	**–**	625
	20,101	30,967

31. CONTINGENT LIABILITIES

(a) In the ordinary course of business, the business of Pelikan Hardcopy Holding AG and German Hardcopy AG groups (dealing with manufacturing and distribution of hardcopy related products and printer consumables such as inkjet and toner cartridges, thermal transfer, office media and impact cartridges, hereinafter referred to as the "Hardcopy business") is involved in several lawsuits. In particular, the Group has several large legal claims brought by Original Equipment Manufacturers ("OEM") for perceived breach of patents with an assessed potential maximum exposure of EUR6 million (RM28.1 million) (2014: EUR6.0 million or RM25.5 million). The Group is of the view that litigation matters are an inherent part of the Hardcopy business. Historically, the Group has been successful in defending most cases and management remains confident that the Group's exposure to these claims can be reduced or can be successfully defended. In the opinion of the management, the lawsuits, claims and proceedings which are pending against the Group will not have a material effect on the Group.

(b) Based on the latest actuaries assumption as at 31 December 2015, Pelikan Hardcopy Scotland Limited's ("PHSL") retirement fund has GBP24.2 million (RM153.9 million) assets to meet its estimated pension liabilities of GBP36.1 million (RM229.6 million). The Company provided a corporate guarantee for the shortfall. An amount of GBP11.9 million (RM75.7 million) has been recognised as a pension liability of the Group for the financial year ended 31 December 2015 in accordance with MFRS 119.

The Group believes that its operational cash flow and the assets in the retirement fund of PHSL are sufficient to meet the payouts of the retirement scheme in the foreseeable future.

(c) The Company has provided corporate guarantees to financial institutions and suppliers for financing arrangements of certain subsidiaries amounting to RM142,684,000 (2014: RM129,836,000).

Notes to the Financial Statements
for the financial year ended 31 December 2015

32. EXECUTIVES' SHARE OPTION SCHEME

The Company's Executives' Share Option Scheme ("ESOS") was approved by the shareholders at an Extraordinary General Meeting held on 17 December 2009. The ESOS was effected on 1 March 2010 and is to be in force for a period of five (5) years from the effective date of implementation. It may be extended or renewed for a further period of five (5) years, at the sole and absolute discretion of the Board of Directors upon the recommendation of the Option Committee and pursuant to the by-law, and shall not in aggregate exceed a duration of ten (10) years from the effective date of implementation. On 6 February 2015, the ESOS expiry period has been extended for a further three (3) years to 28 February 2018.

The salient features of the ESOS are as follows:

(i) The Board of Directors has appointed the Option Committee to administer the ESOS.

(ii) The Company may from time to time grant option to eligible employees of the Group to subscribe for new ordinary shares of RM1.00 each.

(iii) Subject to the determination and discretion of the Option Committee, ESOS may be granted to any Director named in the Register of Directors of the Company or any employee who is a confirmed full-time employee of the Company and/or its eligible subsidiaries and if that person is servicing under a fixed term of contract of employment, the contract (including any period of employment which that person has already served) should be for a duration of at least one (1) year of continuous service.

(iv) The total number of shares to be issued under the ESOS shall not exceed five percent (5%) of the issued and paid-up share capital of the Company at any point of time throughout the duration of the ESOS and of which not more than fifty percent (50%) of the Company's new shares available under the ESOS shall be allocated, in aggregate, to Directors and senior management. In addition, not more than ten percent (10%) of the Company's new shares available under the ESOS shall be allocated to any individual Director or employee who, either singly or collectively through person connected with the eligible employee, holds twenty percent (20%) or more in the issued and paid-up share capital of the Company.

(v) The option price for each share shall be the higher of the weighted average market price of the Company's shares, as quoted on Bursa Malaysia Securities Berhad, for the five (5) market days immediately preceding the date of offer of the option with a discount of not more than ten percent (10%), or the par value of the shares of the Company of RM1.00 each.

(vi) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company except that the so allotted and issued shares will not be entitled to any dividends, rights, allotments or other distribution, where the entitlement date precedes the date of allotment of the new shares and will be subject to the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise of the Company's shares.

32. EXECUTIVES' SHARE OPTION SCHEME (continued)

The Company granted 7,983,750 share options under the ESOS at an exercise price of RM1.35 per share option to the eligible employees and Directors. As of 31 December 2015, 941,250 options has lapsed and 6,592,500 options remains outstanding. No share options were exercised during or at the end of the financial year.

The weighted average fair value of the share options granted is RM0.03 per option. Options were priced using the Black Scholes Model and the key assumptions used in these models are as follows:

Share price	RM1.19
Expected volatility	20.00%
Risk free rate	3.82%

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, significant related party transactions entered into by the Group during the financial year are set out below. These transactions were carried out in the normal course of business and have been established under negotiated and mutually agreed terms.

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods to subsidiaries	–	–	**100,792**	99,851

34. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is derived by dividing the amount of borrowings, net of cash and bank balances over shareholders' equity. At the end of the reporting period, the Group's net gearing ratio is 0.75 times (2014: 0.63 times). The Group's policy is to keep its gearing within manageable levels.

Notes to the Financial Statements
for the financial year ended 31 December 2015

34. FINANCIAL INSTRUMENTS (continued)

(b) Classification of financial instruments

The summary of financial instruments by category of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial Assets				
Available-for-sale financial assets	**2,807**	2,615	**–**	–
Loans and receivables	**392,114**	410,537	**351,900**	256,303
Financial Liabilities				
Financial liabilities at amortised cost	**653,779**	603,232	**340,655**	331,886
Financial liabilities at fair value through profit or loss	**1,963**	2,989	**–**	–

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

Obligations under finance lease, fixed rate bank loans

The fair value of these financial instruments are estimated by discounting expected future cash flows at current market interest rates available for similar financial instruments and of the same remaining maturities. The carrying values of these financial instruments approximate their fair values.

Quoted shares

The fair value of quoted investments is determined by reference to the exchange quoted market bid prices at the close of the business on the end of the reporting period.

Unquoted shares

The carrying values of investment in unquoted shares approximate fair values.

Derivatives

The fair value of the interest rate swap contracts is the amount that would be payable or receivable upon termination of the position at the end of the reporting period, and is calculated as the difference between the present value of the estimated future cash flows at the contracted rate compared to that calculated at the spot rate as at the end of the reporting period.

34. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group held the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value

	TOTAL RM'000	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000
2015				
Available-for-sale financial assets				
- Quoted shares	**2,784**	**2,784**	**–**	**–**
- Unquoted shares	**23**	**–**	**–**	**23**
2014				
Available-for-sale financial assets				
- Quoted shares	2,560	2,560	–	–
- Unquoted shares	55	–	–	55

Liabilities measured at fair value

	TOTAL RM'000	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000
2015				
Financial liabilities at fair value through profit or loss				
- Interest rate swaps	**1,963**	**–**	**1,963**	**–**
2014				
Financial liabilities at fair value through profit or loss				
- Interest rate swaps	2,989	–	2,989	–

There were no transfers between Level 1 and Level 2 fair value measurement during the financial years.

Notes to the Financial Statements

for the financial year ended 31 December 2015

34. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

Reconciliation of fair value measurements of Level 3 financial instruments

The Group carries unquoted equity shares as financial assets at fair value through profit or loss classified as Level 3 within the fair value hierarchy.

	AVAILABLE-FOR-SALE FINANCIAL ASSETS RM'000
Balance as at 1 January 2015	55
Disposal	(35)
Foreign currencies translation	3
Balance as at 31 December 2015	23

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing their risks. Financial risk management is carried out through risks reviews, internal controls systems and adherence to the Group's financial risk management policies that are approved by the Board. The use of financial instruments exposes the Group to financial risks, which are categorised as credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and market price risk. It is the Group's policy not to engage in speculative transactions.

The policies for controlling these risks when applicable are set out below:

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company's exposure to credit risk arises principally from its receivables.

Receivables

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group does not have any significant exposure to any individual customer. A significant portion of its trade receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 22 to the financial statements.

The Company provides unsecured loans and advances to subsidiaries. Management monitors the operating results of its geographical units separately for the purpose of making decisions about resource allocation and performance assessment.

The Group and Company's maximum exposure to credit risk arising from the receivables is represented by the carrying amounts in the statements of financial position.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Financial guarantees

The Company has provided corporate guarantees to financial institutions and suppliers for financing arrangements of certain subsidiaries. The financial guarantees have not been recognised since the fair value on initial recognition was negligible.

(b) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity and cash flow risk arises primarily from its various payables, loans and borrowings. The Group's objective is to maintain a balance of funding and flexibility through the use of credit facilities, short and long term borrowings.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

AS AT 31 DECEMBER 2015	ON DEMAND OR WITHIN ONE YEAR RM'000	ONE TO FIVE YEARS RM'000	OVER FIVE YEARS RM'000	TOTAL RM'000
Group				
Financial liabilities:				
Payables	237,270	–	–	237,270
Borrowings	384,484	36,606	3,839	424,929
Derivatives	1,963	–	–	1,963
Total undiscounted financial liabilities	623,717	36,606	3,839	664,162
Company				
Financial liabilities:				
Payables	39,230	–	–	39,230
Borrowings	277,314	31,086	–	308,400
Total undiscounted financial liabilities	316,544	31,086	–	347,630

Notes to the Financial Statements

for the financial year ended 31 December 2015

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity and cash flow risk (continued)

AS AT 31 DECEMBER 2014	ON DEMAND OR WITHIN ONE YEAR RM'000	ONE TO FIVE YEARS RM'000	OVER FIVE YEARS RM'000	TOTAL RM'000
Group				
Financial liabilities:				
Payables	222,516	–	–	222,516
Borrowings	295,181	97,318	4,665	397,164
Derivatives	2,989	–	–	2,989
Total undiscounted financial liabilities	520,686	97,318	4,665	622,669
Company				
Financial liabilities:				
Payables	33,595	–	–	33,595
Borrowings	198,705	94,443	4,403	297,551
Total undiscounted financial liabilities	232,300	94,443	4,403	331,146

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates to interest bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

The Group has entered into interest rate swap contracts to manage exposures of its borrowings to interest rate risk. The contractual repricing allows the Group to receive interest at fixed rates and to pay interest at floating rates on notional principal amounts.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

The following table illustrates the effect of changes in interest rates at 31 December 2015. If the interest rates at the end of the reporting period increased by twenty five (25) basis points with all other variables held constant, the Group's and the Company's profit before tax will improve/(decline) by:

	2015 RM'000	2014 RM'000
Group		
Increase by 25 basis points	**(997)**	(966)
Company		
Increase by 25 basis points	**(750)**	(753)

A similar decrease of basis points in the interest rates would have an equal but opposite effect.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk as a result of its normal trade activities when the currency denomination differs from its functional currency.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The following table illustrates the effect of changes in exchange rate on the translation of foreign currency monetary items against the functional currency at 31 December 2015. If the major currencies weakened by 3% at the end of the reporting period, the Group's and the Company's profit before tax will improve/(decline) by:

MAJOR CURRENCY	2015 RM'000	2014 RM'000
Group		
United States Dollar	**6,070**	4,350
Company		
European Euro	**(5,560)**	(1,120)
United States Dollar	**6,220**	4,510

A similar percentage increase in the exchange rate would have an equal but opposite effect.

Notes to the Financial Statements

for the financial year ended 31 December 2015

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign currency risk (continued)

The Group operates internationally and is therefore exposed to different currencies of the countries where the Group operates. Exposure to currency risk as a whole is mitigated by the operating environment which provides for a natural hedge. Most payments for foreign payables is matched against receivables denominated in the same foreign currency or whenever possible, by intragroup arrangements and settlements.

(e) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group does not actively trade in quoted equity investments apart from certain investments by subsidiaries in bonds/equity in relation to pension scheme investments. The value of such investments subjected to market price risk are small and as such the effects of the market price fluctuations to the Group is not material.

36. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

During the financial year, the Group implemented its assets streamlining via contribution in kind exercise by transferring certain subsidiaries and assets of the Company, Pelikan Holding AG, Pelikan Nederland B.V. and Molkari Vermietungsgesellschaft mbH & Co. Objekt Falkensee KG into Pelikan Aktiengesellschaft ("Pelikan AG", formerly known as Herlitz Aktiengesellschaft) for an aggregrate consideration of EUR231.2 million which were satisfied by the issuance of 231.2 million new Pelikan AG shares of nominal value EUR1.00 each ("Pelikan AG shares"). The contribution agreement was entered into on 5 March 2015. On 30 April 2015, the resolutions for the increase in issued share capital were entered into the Commercial Registers of Pelikan AG. Accordingly, 231.2 million new Pelikan AG shares were issued and the assets streamlining was duly completed. Subsequently, on 5 August 2015, Pelikan AG issued 124,402 new Pelikan AG shares of EUR1.00 each and Pelikan Holding AG sold 96,919 Pelikan AG shares of EUR1.00 each.

Arising thereto, the effective interest of the Group in respective subsidiaries had changed as disclosed in Note 16 to the financial statements.

37. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The (accumulated losses)/retained profits as at the end of the reporting period may be analysed as follows:

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Total (accumulated losses)/retained profits of the Company and its subsidiaries:				
- Realised (loss)/profit	**(139,703)**	(24,826)	**52,618**	12,743
- Unrealised profit/(loss)	**81,962**	(3,811)	**(32,982)**	(12,678)
	(57,741)	(28,637)	**19,636**	65
Less: Consolidation adjustments	**(5,971)**	7,532	**–**	–
Total (accumulated losses)/retained profits as per statements of financial position	**(63,712)**	(21,105)	**19,636**	65

The determination of realised and unrealised profits/losses above is based on the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants on 20 December 2010.

Additional Compliance Information

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"):

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

2. OPTIONS OR CONVERTIBLE SECURITIES

The shareholders of the Company had on 17 December 2009 during the Extraordinary General Meeting of the Company approved an Executives' Share Option Scheme ("ESOS") for the eligible executives and Directors of the Company. The ESOS was effective 1 March 2010 and is to be in force for a period of five (5) years from the effective date of implementation. It may be extended or renewed for a further period of five (5) years, at the sole and absolute discretion of the Board of Directors upon the recommendation of the Option Committee and pursuant to the by-law, and shall not in aggregate exceed a duration of ten (10) years from the effective date of implementation. On 6 February 2015, the ESOS expiry period has been extended for a further period of three (3) years to 28 February 2018.

The Company granted 7,983,750 shares options under the ESOS at an exercise price of RM1.35 per share option to the eligible employees and Directors. As of 31 December 2015, 941,250 options has lapsed and 6,592,500 options remains outstanding. No share options were exercised during or at the end of the financial year.

The total number of shares to be issued under the ESOS shall not exceed five percent (5%) of the issued and paid-up share capital of the Company at any point of time throughout the duration of the ESOS and of which not more than fifty percent (50%) of the Company's new shares available under the ESOS shall be allocated in aggregate, to Directors and senior management.

Since the commencement of the ESOS, 20.2% was granted to Directors and senior management.

3. DEPOSITORY RECEIPT PROGRAMME

During the financial year, the Company did not sponsor any depository receipt programme.

4. IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

5. NON-AUDIT FEES

The non-audit fees paid or payable to the external auditors of the Company and its subsidiaries for the financial year ended 31 December 2015 amounted to RM 1,491,000.

6. VARIATION IN RESULTS

There was no deviation of 10% or more between the unaudited financial results announced and the audited financial results of the Company and the Group for the financial year ended 31 December 2015.

The Company did not release any profit estimate, forecast or projections during the financial year.

7. PROFIT GUARANTEE

During the financial year, there was no profit guarantee given by the Company.

8. MATERIAL CONTRACTS

There was no material contract, not being contract entered into in the ordinary course of business of the Company and its subsidiaries, involving the interest of the Directors and major shareholders of the Company, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Analysis of Shareholdings

as at 18 March 2016

Authorised Share Capital	:	RM1,000,000,000
Issued and Paid–Up Share Capital	:	RM553,296,061
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%*	NO. OF SHARES	%*
1 – 99	729	16.49	26,104	0.00
100 – 1,000	361	8.17	147,619	0.03
1,001 – 10,000	2,168	49.04	9,250,581	1.69
10,001 – 100,000	967	21.87	31,222,567	5.69
100,001 to less than 5% of the issued shares	191	4.32	220,470,201	40.21
5% and above of issued shares	5	0.11	287,250,978	52.38
Total	**4,421**	**100.00**	**548,368,050**	**100.00**

* After netting off the 4,928,011 treasury shares of Pelikan International Corporation Berhad ("PICB") held as at 18 March 2016.

DIRECTORS' SHAREHOLDINGS

(Based on the Register of Directors' Shareholdings)

	NAME OF DIRECTORS	NO. OF SHARES HELD DIRECT INTEREST	%*	INDIRECT INTEREST	%*
1.	Loo Hooi Keat[2]	53,824,423	9.81	42,708,852[1]	7.79
2.	Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor	–	–	–	–
3.	Dato' Afifuddin bin Abdul Kadir	–	–	–	–
4.	Dato' Lua Choon Hann	–	–	–	–
5.	Datuk Rozaida binti Omar[2]	–	–	–	–
6.	Datin Normimy Binti Mohamed Noor	–	–	–	–

Notes:

[1] Deemed interested by virtue of his substantial shareholdings in PBS Office Supplies Holding Sdn Bhd and Mahir Agresif (M) Sdn Bhd and deemed interested by virtue of shares held by his daughter.

[2] Mr. Loo Hooi Keat and Datuk Rozaida binti Omar, each has 500,000 ESOS options at an option price of RM1.35 per option.

* After netting off the 4,928,011 treasury shares of PICB held as at 18 March 2016.

Save as disclosed above, none of the Directors of the Company has any interest, direct or indirect, in a related corporation of PICB.

Analysis of Shareholdings

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(Based on the Register of Substantial Shareholders)

		NO. OF SHARES HELD			
	NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST	%*	INDIRECT INTEREST	%*
1.	Loo Hooi Keat	53,824,423	9.81	42,569,928[(1)]	7.76
2.	Lembaga Tabung Haji	157,185,498	28.66	–	–
3.	PBS Office Supplies Holding Sdn Bhd	42,548,975	7.76	–	–
4.	Marktrade Sdn Bhd	–	–	42,548,975[(2)]	7.76
5.	Auctus Ventures Ltd and Nominees	36,500,000	6.66	–	–
6.	Chia Chor Meng and Nominees	33,526,000	6.11	1,233,900[(3)]	0.23
7.	Caprice Capital International Ltd and Nominees	29,200,000	5.32	–	–
8.	Poh Yang Hong and Nominees	2,000,000	0.36	29,200,000[(4)]	5.32

Notes:

[(1)] Deemed interested by virtue of his substantial shareholdings in PBS Office Supplies Holding Sdn Bhd and Mahir Agresif (M) Sdn Bhd.

[(2)] Deemed interested by virtue of its substantial shareholdings in PBS Office Supplies Holding Sdn Bhd.

[(3)] Deemed interested by virtue of shares held by his wife.

[(4)] Deemed interested by virtue of his interest in Caprice Capital International Ltd and Nominees.

* After netting off the 4,928,011 treasury shares of PICB held as at 18 March 2016.

Analysis of Shareholdings

LIST OF TOP THIRTY (30) SHAREHOLDERS
(Based on the Record of Depositors)

	NAME OF SHAREHOLDERS	NO. OF SHARES	%*
1.	Lembaga Tabung Haji	157,185,498	28.664
2.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	40,602,700	7.404
3.	Kenanga Nominees (Tempatan) Sdn Bhd ECM Libra Partners Sdn Bhd Pledged Securities Account for PBS Office Supplies Holding Sdn Bhd	32,462,780	5.919
4.	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account for Caprice Capital International Ltd	29,200,000	5.324
5.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loo Hooi Keat	27,800,000	5.069
6.	Public Invest Nominees (Asing) Sdn Bhd Exempt An for Phillip Securities Pte Ltd (Clients)	25,653,100	4.678
7.	CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	20,790,428	3.791
8.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loo Hooi Keat	20,071,002	3.660
9.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	19,773,800	3.605
10.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Kong Hiok (001)	14,001,440	2.553
11.	HSBC Nominees (Asing) Sdn Bhd Exempt An for The Hongkong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	8,255,500	1.505
12.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for PBS Office Supplies Holding Sdn Bhd	6,000,000	1.094
13.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Kim Teck (471848)	5,768,000	1.051
14.	PBS Office Supplies Holding Sdn Bhd	4,056,195	0.739
15.	AMBANK (M) Berhad Pledged Securities Account for Gan Kong Hiok (Smart)	4,028,000	0.734

Analysis of Shareholdings

LIST OF TOP THIRTY (30) SHAREHOLDERS
(Based on the Record of Depositors) (continued)

	NAME OF SHAREHOLDERS	NO. OF SHARES	%*
16	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Kong Hiok (KLC/Ken)	3,236,360	0.590
17	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loo Hooi Keat (MX3665)	3,200,000	0.583
18	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Kong Hiok	3,080,000	0.561
19	Chong Fu Seong	2,450,000	0.446
20	Kenanga Nominees (Tempatan) Sdn Bhd Lim Meng Sin (001)	2,408,000	0.439
21	CIMSEC Nominees (Tempatan) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	2,400,000	0.437
22	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	2,221,300	0.405
23	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Siew Chin (CEB)	2,199,696	0.401
24	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore for Iam Traditional Asian Growth Fund	2,082,200	0.379
25	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Caprice Capital Holdings Ltd	2,000,000	0.364
26	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Kong Hiok	1,990,000	0.362
27	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Chia Kwoon Meng (MM0678)	1,985,600	0.362
28	Apex-Pal Malaysia Sdn Bhd	1,918,000	0.349
29	Raja Abdullah Bin Raja Baharudin	1,590,200	0.289
30	Kenanga Nominees (Tempatan) Sdn Bhd Heah Sieu Lay (PCS)	1,462,409	0.266

* After netting off the 4,928,011 treasury shares of PICB held as at 18 March 2016.

List of Group Properties

	REGISTERED OWNER	LOCATION	LAND AREA	EXISTING USE	BUILT-UP AREA	AGE OF BUILDING/ DATE OF ACQUISITION	TENURE	RM'000
1	Pelikan GmbH	Factory Vöhrum Pelikanstrasse 11 D-31228 Peine Germany	68,873 sqm	Production	46,373 sqm	19 – 45 years 17/12/1973	Freehold	58,180
2	Pelikan México S.A. de C.V.	Carretera a Tehuacán 1033 Col. Maravillas C.P. 72220, Puebla Pue Mexico	80,109 sqm	Production	18,485 sqm	36 years 30/4/1981	Freehold	19,909
3	Pelikan Hardcopy Production AG	Mönchaltorf Plant Mettlenbachstrasse 3 CH-8617 Mönchaltorf Switzerland	4,190 sqm	Production	2,420 sqm	24 years 12/4/1989	Freehold	7,400
4	Pelikan Colombia S.A.S.	Carrera 65B No 18ª-17 Bogotá Colombia	4,478 sqm	Production	5,845 sqm	36 years 8/1/2007	Freehold	6,359
5	Pelikan Hardcopy Scotland Limited	Markethill Road GB-Turriff Aberdeenshire AB 53 4AW United Kingdom	30,200 sqm	Production	15,400 sqm	50 years 15/1/2010	Freehold	3,021
6	Herlitz Spolka z.o.o.	ul. Szamotulska2 Baranowo k/Poznania 62081 Przezmierowo Poland	37,563 sqm	Office building, production & warehouse	12,000 sqm	16 years 1/1/1999	Freehold	8,963
7	Herlitz Romania S.R.L.	Depozitelor Str. 22 540240 Tirgu Mures Romania	861 sqm	Land	–	– 15/3/1995	Freehold	51
8	Molkari Vermietungsgesellschaft mbH & Co. Objekt Falkansee KG	Strasse der Einheit 142-148 D-14612 Falkensee Germany	319,783 sqm	Logistic Centre	134,644 sqm	21 years 31/12/2001	Freehold	189,254
9	Pelikan Hardcopy CZ s.r.o	Svatoborska 395 CZ-69701 Kyjov Czech Republic	9,933 sqm	Production	5,376 sqm	14 years 29/1/2015	Freehold	9,637
10	Kreuzer Produktion + Vertrieb GmbH	Klein-Buchholz, Flur 21, Flurstück 120/4 Flurstück 6/36 Germany	4,818 sqm	Land	–	– 11/1/2015	Freehold	3,908
								306,682

Pelikan Group of Companies Directory

PRODUCTION

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Pelikan Group of Companies Directory

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Pelikan Group of Companies Directory

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Website: www.pelikan.nl

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Pelikan Ofis Ve Kirtasiye Malzemeleri
Ticaret Ltd Sirketi
1.Levent, Levent cad. Karanfil sok. No:8
34330 Beşiktaş – Istanbul
Tel: +90 (0) 212 276 9820
Fax: +90 (0) 212 276 9880

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Pelikan Argentina S.A.
Juan Zufriategui 627 Piso 1º
B1638CAA Vicente López
Buenos Aires
Tel: +54 11 4118 3100
Fax: + 54 11 4118 3199
Email: info@pelikan.com.ar

Colombia
Pelikan Colombia S.A.S.
Carrera 65B No. 18ª – 17
Bogotá
Tel: +571 261 1711
Fax: +571 290 5550
Email: servicioaclientes@pelikan.com.co
Website: www.pelikan.com

Mexico
Pelikan México S.A. de C.V.
Carretera a Tehuacán 1033
Col. Maravillas
C.P. 72220 Puebla, Pue.
Tel: + 52 222 309 8000
Fax: + 52 222 309 8049
Email: direccion.general@pelikan.com.mx

ASIA & MIDDLE EAST

India
Pelikan Trading India Private Limited
1 “Anup” Sunbeam CHS
Juhu Dhara Complex
New Juhu Versova Link Road
Andheri (W)
Mumbai 400 053
Tel: +91 (11) 4155 3060
Fax: +91 (11) 4155 3068

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Pelikan Japan K.K.
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Tel: +81 3 3836 6541
Fax: +81 3 3836 6545
Email: pel.cs@pelikan.co.jp

Malaysia
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Selangor Darul Ehsan
Tel: +603 5569 5511
Fax: +603 5567 0618
Email: enquiry@pelikan.com.my

Pelikan Group of Companies Directory

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1F 32 Lane 21 Hwang Chi Street
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Tel: +886 2 8866 5818
Fax: +886 2 8866 3102
Email: info@pelikan.com.tw

Thailand
Pelikan (Thailand) Co. Ltd.
125/12-13 Moo6 Kanchana-pisek Road
Bangkae Nua Bangkae
Bangkok 10160
Tel: +662 804 1415-9
Fax: +662 804 1420
Email: pelikan@pelikan.co.th

United Arab Emirates
Pelikan Middle East FZE
Sharjah Airport International Free Zone
Area 03 – Bldg "O"
P.O.Box 120318 Sharjah
Tel: +9716 5574571
Fax: +9716 5574572
Email: nalatrash@pelikan.ae

SERVICES

Germany
Mercoline GmbH
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Fax: +49(30) 4393 3408
Email: www.herlitz.de/servicelinks/kontakt.html
Website: www.herlitz.de

Germany
eCom Logistik GmbH & Co. KG
Straße der Einheit 142-148
14612 Falkensee
Tel: +49(30) 4393 0
Fax: +49(30) 4393 3408
Email: www.herlitz.de/servicelinks/kontakt.html
Website: www.herlitz.de

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14612 Falkensee
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Fax: +49(30) 4393 3408
Email: www.herlitz.de/servicelinks/kontakt.html
Website: www.herlitz.de

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Fourth Annual General Meeting of Pelikan International Corporation Berhad will be held at Saujana Ballroom, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Selangor Darul Ehsan, Malaysia on Wednesday, 18 May 2016 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of the Directors and Auditors thereon. (Please refer to Note 7)

2. To approve the payment of Directors' fees of RM400,000.00 for the financial year ended 31 December 2015. (Ordinary Resolution 1)

3. To re-elect Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor who retires pursuant to Article 127 of the Company's Articles of Association. (Ordinary Resolution 2)

4. To re-elect Mr Loo Hooi Keat who retires pursuant to Article 127 of the Company's Articles of Association. (Ordinary Resolution 3)

5. To re-elect Dato' Lua Choon Hann who retires pursuant to Article 127 of the Company's Articles of Association. (Ordinary Resolution 4)

6. To re-appoint Messrs. BDO as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

7. To approve the proposed renewal of authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.

   "THAT, pursuant to Section 132D of the Companies Act, 1965, the Articles of Association of the Company and subject to the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised to issue shares of the Company from time to time upon such terms and conditions for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit and expedient in the best interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total issued and paid-up share capital of the Company for the time being; AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately and continue to be in force until the conclusion of the next Annual General Meeting of the Company." (Ordinary Resolution 6)

Notice of Annual General Meeting

8. Proposed amendment to the Company's Articles of Association.

"THAT the following proposed amendment to the Company's Articles of Association, be and is hereby approved:

No.	Existing Article	Proposed Article
176	A copy of the reports by the Directors and auditors of the Company, the profit and loss accounts, balance sheets and group accounts (if any) (including all documents required by law to be annexed or attached to all or any of them) shall be sent (not later than six (6) Months after the close of the financial year and at least twenty-one (21) days before the general meeting at which they are to be laid) to all Members, holders of debentures and all other persons entitled to receive notice of general meetings under the Act of the Company's Articles of Association. The interval between the close of financial year of the Company and the issue of the annual audited accounts, the Directors' and auditors' report shall not exceed four (4) Months. The required number of copies of each of these documents shall at the same time be sent to Bursa Malaysia Securities Berhad.	A copy of the reports by the Directors and auditors of the Company, the profit and loss accounts, balance sheets and group accounts (if any) (including all documents required by law to be annexed or attached to all or any of them) shall be sent (not later than four (4) months after the close of the financial year and at least twenty-one (21) days before the general meeting at which they are to be laid) to all Members, holders of debentures and all other persons entitled to receive notice of general meetings under the Act of the Company's Articles of Association.

(Special Resolution)

9. To transact any other business for which due notice has been given in accordance with the Articles of Association of the Company.

BY ORDER OF THE BOARD

HO MING HON (MICPA 3814)
CHUA SIEW CHUAN (MAICSA 0777689)
Company Secretaries

Selangor Darul Ehsan
26 April 2016

Notice of Annual General Meeting

NOTES:

1. A Member who is entitled to attend and vote at the meeting is entitled to appoint at least one (1) proxy to attend and vote in his stead. Where a Member appoints up to two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The proxy may but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the Member to speak at the Meeting.

2. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

3. Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor, and shall be in the form as set out in the Articles of Association of the Company (or in a form as near to it as circumstances allow or in any other form which is usual or which the Directors may approve) and shall be deemed to include the right to demand or join in demanding a poll.

5. Only depositors whose names appear in the Record of Depositors as at 10 May 2016 shall be entitled to attend, speak and vote at the Thirty-Fourth (34th) Annual General Meeting of the Company or appoint a proxy to attend and vote on his behalf.

6. The proxy form, to be valid, must be deposited at the registered office at No. 9, Jalan Pemaju U1/15, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia at least forty-eight (48) hours before the time set for holding of the meeting or any adjournment thereof.

7. This agenda item is meant for discussion only, as the provision of section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda is not put forward for voting.

Notice of Annual General Meeting

EXPLANATORY NOTES ON SPECIAL BUSINESS:

Ordinary Resolution 6
To approve the proposed renewal of authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.

The proposed Ordinary Resolution 6 if passed, will give powers to the Directors to issue up to a maximum 10% of the issued share capital of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of securities is a renewal to a general mandate sought in the preceding year. As of the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Thirty-Third Annual General Meeting held on 17 June 2015. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval, which would incur additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

Special Resolution
To approve the proposed amendment to the Company's Articles of Association.

The proposed amendment is to streamline the Company's Articles of Association to be aligned with Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

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Form of Proxy

Number of Shares Held	
CDS Account No.	

PELIKAN INTERNATIONAL CORPORATION BERHAD
(Company No. 63611-U)

I/We ____ (Full name in capital letters)

NRIC No./Company No. ____________________ of ________________________________

____ (Full address)

being a Member of PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U), hereby appoint

(Proxy A) ____ (Full name in capital letters)

NRIC No. ____________________ of ________________________________

____ (Full address)

*and/or failing him/her

(Proxy B) ____ (Full name in capital letters)

NRIC No. ____________________ of ________________________________

____ (Full address)

and/or failing him/her, *the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Thirty-Fourth Annual General Meeting of the Company to be held at Saujana Ballroom, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Selangor Darul Ehsan, Malaysia on Wednesday, 18 May 2016 at 3.00 p.m. or any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxy/proxies are as follows:

Proxy A	%
Proxy B	%
	100%

My/our proxy/proxies shall vote as follows:

(Please indicate with an "X" in the spaces provided below how you wish your votes to be cast. If you do not so, the proxy/proxies will vote or abstain from voting at his/her discretion.)

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of the Directors' fees		
2.	To re-elect Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor as Director of the Company		
3.	To re-elect Loo Hooi Keat as Director of the Company		
4.	To re-elect Dato' Lua Choon Hann as Director of the Company		
5.	To re-appoint Messrs. BDO as Auditors of the Company and to authorise the Directors to fix their remuneration		
6.	To approve the proposed renewal of authority for Directors to issue shares		
SPECIAL RESOLUTIONS		**FOR**	**AGAINST**
To approve amendment to the Company's Articles of Association			

Signed this ____________ day of ____________, 2016

____
Signature(s) of Member/Common Seal

**Strike out whichever not applicable*

NOTES:

1. A Member who is entitled to attend and vote at the meeting is entitled to appoint at least one (1) proxy to attend and vote in his stead. Where a Member appoints up to two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The proxy may but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the Member to speak at the Meeting.
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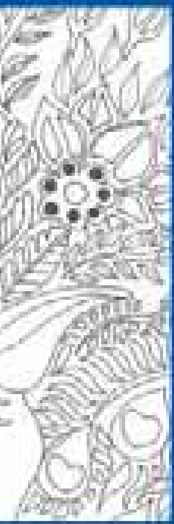
STAMP

PELIKAN INTERNATIONAL CORPORATION BERHAD
No. 9, Jalan Pemaju U1/15, Seksyen U1
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Malaysia

Please fold here



Pelikan International Corporation Berhad
(Company No. 63611-U)

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