

Company No. 63611 - U

PELIKAN INTERNATIONAL CORPORATION BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

30 JUNE 2008

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED INCOME STATEMENT
Interim report for the financial period ended 30 June 2008
The figures have not been audited.

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial period ended	
		30/06/08	30/06/07	30/06/08	30/06/07 Restated
		RM' 000	RM' 000	RM' 000	RM' 000
Revenue		407,465	336,824	720,423	576,416
Other operating income		2,295	7,674	16,999	13,925
Expenses excluding finance cost and tax		(350,939)	(292,373)	(645,277)	(510,139)
Finance cost		(8,664)	(7,156)	(16,485)	(11,855)
Share of results of associates after tax		1,677	1,408	2,344	3,456
Profit before taxation		51,834	46,377	78,004	71,803
Taxation	B1	(2,585)	(1,140)	(4,238)	(2,779)
Profit for the financial period		49,249	45,237	73,766	69,024
Attributable to:					
Equity holders of the Company		44,160	41,883	68,225	64,487
Minority Interest		5,089	3,354	5,541	4,537
		49,249	45,237	73,766	69,024
		sen	sen	sen	sen
Earnings per share attributable to equity holders of the Company:	B14				
(a) Basic		15.26	15.24	23.56	23.86
(b) Diluted		13.17	12.42	20.40	19.48
Declared/ proposed dividend per share	A7/ B12	-	3.00	-	5.00

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED BALANCE SHEET
Interim report as at 30 June 2008
The figures have not been audited.

	Note	30/06/08 RM'000	Audited 31/12/07 RM'000
ASSETS			
Non current assets			
Property, plant and equipment		364,844	355,850
Trademarks		20,067	18,945
Development costs		17,666	13,083
Goodwill		119,511	117,378
Computer software licence		2,065	3,232
Investment in associates		39,317	36,677
Long term investments		13,876	13,300
Pension Trust Fund		186,030	187,465
Deferred tax assets		30,449	27,050
		<u>793,825</u>	<u>772,980</u>
Current assets			
Inventories		393,936	322,480
Receivables, deposits & prepayments		425,618	323,584
Tax recoverable		4,781	3,414
Pension Trust Fund		28,053	26,435
Deposits, cash and bank balances		65,248	111,776
		<u>917,636</u>	<u>787,689</u>
Total Assets		<u>1,711,461</u>	<u>1,560,669</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		292,893	288,068
Share premium		47,300	46,093
Currency translation		(5,149)	(13,113)
Retained profits		219,367	166,595
Treasury shares, at cost		(12,905)	(3,314)
Irredeemable Convertible Unsecured Loan Stocks		-	-
Redeemable Convertible Unsecured Loan Stocks		4,020	4,406
		<u>545,526</u>	<u>488,735</u>
Minority interest		26,547	20,779
Total Equity		<u>572,073</u>	<u>509,514</u>
Non current liabilities			
Post employment benefit obligations	B7		
- assumed by Pension Trust Fund		229,080	223,395
- others		64,360	60,650
Provisions		17,603	17,992
Borrowings	B4	223,080	200,661
Redeemable Convertible Unsecured Loan Stocks		59,164	64,232
Deferred tax liabilities		10,144	10,310
		<u>603,431</u>	<u>577,240</u>
Current liabilities			
Payables		309,360	302,820
Post employment benefit obligations	B7		
- assumed by Pension Trust Fund		12,400	12,513
- others		2,129	2,023
Provisions		6,781	7,007
Borrowings	B4	192,783	141,298
Redeemable Convertible Unsecured Loan Stocks		1,629	1,785
Current tax liabilities		10,875	6,469
		<u>535,957</u>	<u>473,915</u>
Total Liabilities		<u>1,139,388</u>	<u>1,051,155</u>
Total Equity and Liabilities		<u>1,711,461</u>	<u>1,560,669</u>
Net assets per share attributable to equity holders of the Company (RM)		1.86	1.70

This Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Interim report for the financial period ended 30 June 2008
The figures have not been audited.

	Share Capital	Share premium (non distributable)	Currency translation (non distributable)	Retained profits (distributable)	Treasury shares, at cost (distributable)	Irredeemable Convertible Unsecured Loan Stocks (equity component)	Redeemable Convertible Unsecured Loan Stocks (equity component)	Equity attributable to equity holders of the parent	Minority interest	Total equity
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
Balance at 1 January 2008	288,068	46,093	(13,113)	166,595	(3,314)	-	4,406	488,735	20,779	509,514
Exchange differences on translation of foreign operations	-	-	7,964	-	-	-	-	7,964	227	8,191
Net profit recognised directly in equity	-	-	7,964	-	-	-	-	7,964	227	8,191
Profit for the financial period	-	-	-	68,225	-	-	-	68,225	5,541	73,766
Total profit for the financial period	-	-	-	68,225	-	-	-	68,225	5,541	73,766
Issue of share capital	4,825	1,207	-	1,512	-	-	(386)	7,158	-	7,158
- conversions of Redeemable Convertible Unsecured Loan Stocks	-	-	-	-	(9,591)	-	-	(9,591)	-	(9,591)
Purchase of own shares	-	-	-	(16,965)	-	-	-	(16,965)	-	(16,965)
Dividends	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2008	292,893	47,300	(5,149)	219,367	(12,905)	-	4,020	545,526	26,547	572,073
Balance at 1 January 2007	221,521	29,457	(4,514)	98,979	-	56,993	5,560	407,996	25,240	433,236
Exchange differences on translation of foreign operations	-	-	952	-	-	-	-	952	(344)	608
Net profit / (loss) recognised directly in equity	-	-	952	-	-	-	-	952	(344)	608
Profit for the financial period	-	-	-	64,487	-	-	-	64,487	4,537	69,024
Total profit for the financial period	-	-	-	64,487	-	-	-	64,487	4,537	69,024
Share of minority interest of associates	-	-	-	-	-	-	-	-	149	149
Issue of share capital	50,295	12,574	-	(1,978)	-	(56,990)	-	3,901	-	3,901
- conversions of Irredeemable Convertible Unsecured Loan Stocks	3,046	762	-	79	-	-	(237)	3,650	-	3,650
- conversions of Redeemable Convertible Unsecured Loan Stocks	-	-	-	(15,530)	-	-	-	(15,530)	-	(15,530)
Dividends	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2007	274,862	42,793	(3,562)	146,037	-	3	5,323	465,456	29,582	495,038

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
Interim report for the financial period ended 30 June 2008
The figures have not been audited.

	Financial period ended	
	30/06/08 RM' 000	30/06/07 RM' 000
Operating activities		
Cash receipts from customers	661,203	530,962
Cash paid to suppliers and employees	(707,739)	(520,279)
	(46,536)	10,683
Interest received	1,088	2,054
Interest paid	(15,515)	(7,612)
Taxation paid	(5,397)	(5,633)
Net cash used in operating activities	(66,360)	(508)
Investing activities		
Acquisition of subsidiary	-	(37,536)
Purchase of property, plant and equipment	(21,884)	(18,455)
Proceeds from disposal of property, plant and equipment	4,355	1,905
Proceeds from disposal of associates	-	10,761
Dividend from associates	2,305	729
Dividend received	750	-
Development expenses paid	(5,558)	(821)
Net cash used in investing activities	(20,032)	(43,417)
Financing activities		
Bank borrowings, net	51,976	35,430
Hire purchase and finance lease principal payments	(725)	(1,077)
Purchase of own shares	(9,591)	-
Dividends paid to shareholders	-	(3,248)
Net cash from financing activities	41,660	31,105
Net decrease in cash and cash equivalents during the financial period	(44,732)	(12,820)
Currency translation	(10,631)	2,907
Cash and cash equivalents at beginning of financial period	70,773	29,620
Cash and cash equivalents at end of financial period	15,410	19,707
Cash and cash equivalents comprise :		
Cash and bank balances	65,248	41,393
Bank overdrafts	(49,838)	(21,686)
	15,410	19,707

This Condensed Consolidated Cash Flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2008**

A1. Basis of Preparation

The quarterly interim financial report is unaudited and has been prepared in accordance with FRS134 "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2007.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2007.

A2. Report of the Auditors to the Members

The report of the auditors on the annual financial statements for the financial year ended 31 December 2007 was not subject to any qualification and did not include any adverse comments made under subsection (3) of Section 174 of the Companies Act, 1965.

A3. Seasonality or Cyclicity of Interim Operations

The Group's business was affected by the "back to school" season in Europe which normally records higher sales in mid year. Sales of Pelikan Hardcopy Holding AG ("PHH") Group and German Hardcopy AG ("GHAG") Group acquired in 2007 are generally not influenced by seasonal fluctuation. The combined sales of the Group therefore have lesser effects of seasonality.

A4. Exceptional and/or Extraordinary Items Affecting Assets, Liabilities, Equity, Net Income or Cash flows

There were no exceptional and/ or extraordinary items affecting assets, liabilities, equity, net income or cash flows for the current quarter ended 30 June 2008.

A5. Material Effect of Changes in Estimates of Amounts Reported in the Prior Interim Periods of the Current Financial Year or Prior Financial Years

During the 6 months financial period ended 30 June 2007, the Group recorded a negative goodwill of RM16.8 million arising from the acquisition of PHH Group. This negative goodwill had subsequently been reversed in the fourth quarter ended 31 December 2007 as the Group had made further provision to cover losses relating to pre-acquisition period of PHH Group. The restatement would have impact on the results of the cumulative quarter ended 30 June 2007 but would not have effect on the financial result for the year ended 31 December 2007.

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2008

A5. Material Effect of Changes in Estimates of Amounts Reported in the Prior Interim Periods of the Current Financial Year or Prior Financial Years (continued)

The effect of the reversal of the negative goodwill of RM16.8 million on the interim financial statements is as follows:

6 months ended 30 June 2007	As previously reported	Adjustment	As restated
Condensed Consolidated Income Statement	RM'000	RM'000	RM'000
Other operating income	30,699	(16,774)	13,925
Profit before taxation	88,577	(16,774)	71,803

The same adjustment will be made to the Third and Fourth quarter financial results of 2007 when the Group presents its Third and Fourth quarter financial results of 2008.

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

A6. Debt and Equity Securities

Upon conversion of Redeemable Convertible Unsecured Loan Stocks ("RCULS") of the Company, 824,000 new ordinary shares of RM1.00 each were issued on the following dates:

<u>Date</u>	<u>Number of shares</u>
21.05.2008	824,000

The Company repurchased a total of 785,400 of its shares from the open market for a total consideration of RM2,258,934 at an average cost of RM2.88 per share during the current quarter. Subsequent to the current quarter, a total of 5,800 ordinary shares were repurchased from the open market for a total consideration of RM14,518. The repurchased transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with Section 67A (as amended) of the Companies Act, 1965.

There were no other issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current quarter ended 30 June 2008.

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2008

A7. Dividends

	Gross Dividend per share Sen	Amount of dividend, gross RM'000	Amount of dividend, net of tax RM'000
For the financial year ended 31/12/2007			
First interim dividend at 27% tax declared on 3 May 2007, paid on 30 July 2007	2.0	5,497	4,013
Second interim dividend tax exempt declared on 8 August 2007 paid on 5 November 2007	3.0	8,504	8,504
Final dividend of 6 sen per share, of which 5.2 sen per share is single tier* dividend, and 0.8 sen per share less 26%, approved by shareholders on 2 June 2008, payable on 27 August 2008	6.0	17,574	16,965
	11.0	31,575	29,482

No dividends have been paid during the current quarter ended 30 June 2008.

* - single tier dividend is non-tax deductible under section 108 of the Income Tax Act 1967 and is exempt from Income Tax in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the said Act.

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2008

A8. Segment Information

	Germany RM'000	Switzerland RM'000	Italy RM'000	Rest of Europe RM'000	Latin- America RM'000	Others RM'000	Elimination RM'000	Group RM'000
6 months ended								
30 June 2008								
External revenue	348,068	76,788	47,127	127,506	67,738	53,196		720,423
Intersegment revenue	<u>237,521</u>	<u>170,777</u>	<u>-</u>	<u>8,217</u>	<u>3,770</u>	<u>55,704</u>	(475,989)	<u>-</u>
	<u>585,589</u>	<u>247,565</u>	<u>47,127</u>	<u>135,723</u>	<u>71,508</u>	<u>108,900</u>	(475,989)	<u>720,423</u>
Segment result	53,687	14,483	393	(3,541)	12,434	9,349	(17,634)	69,171
Unallocated income (net of cost)								<u>22,974</u>
Profit from operations								<u>92,145</u>
3 months ended								
30 June 2008								
External revenue	203,969	39,965	27,160	69,232	37,197	29,942		407,465
Intersegment revenue	<u>132,192</u>	<u>30,660</u>	<u>-</u>	<u>3,634</u>	<u>2,342</u>	<u>34,370</u>	(203,198)	<u>-</u>
	<u>336,161</u>	<u>70,625</u>	<u>27,160</u>	<u>72,866</u>	<u>39,539</u>	<u>64,312</u>	(203,198)	<u>407,465</u>
Segment result	41,265	7,311	1,576	1,377	7,028	(976)	(8,318)	49,263
Unallocated income (net of cost)								<u>9,558</u>
Profit from operations								<u>58,821</u>

A9. Valuation of Property, Plant and Equipment

There were no valuations of property, plant and equipment during the current quarter.

A10. Events Subsequent to Balance Sheet Date

There were no material events subsequent to the end of the current quarter.

A11. Changes in the Composition of the Group

On 26 May 2008, Pelikan Holding AG (a subsidiary of the Company) had acquired a subsidiary in Sweden, namely Goldcup D 3135 AB ("Goldcup"), whereby the Group had acquired 100,000 shares of SEK1 each representing 100% equity interest in Goldcup. (SEK 1 – Swedish Krona = RM0.5454). The intended principal activities of Goldcup are the distribution of writing instruments, art, painting and hobby products, as well as school and office stationery supplies in Sweden and

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2008

A11. Changes in the Composition of the Group (continued)

Nordic. Subsequently, the Group had successfully changed the name of Goldcup to Pelikan Nordic AB.

On 19 June 2008, the Company had incorporated a subsidiary in India, namely Pelikan Trading India Private Limited ("Pelikan India"), whereby the Company had subscribed for 49,500 shares of Rs10 each representing 99% equity interest in Pelikan India. (Rs 1 – Indian Rupee = RM0.0758). The remaining 500 shares of Rs10 each representing 1% is held by Pelikan Production (Malaysia) Sdn Bhd, a wholly owned subsidiary of the Company incorporated in Malaysia. The intended principal activities of Pelikan India are the trading of stationery items, printer consumables, office equipment, writing utensils, pre-school and school articles, articles for leisure time of children, youngsters and adults, further components for office machines and other products in the files of chemistry and physics, with or without the brand name "Pelikan".

A12. Contingent Liabilities

- (a) In the ordinary course of business, the business of PHH and GHAG 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 for perceived breach of patents with an assessed potential maximum exposure of EUR18.2 million (RM88.8 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's financial statements.
- (b) Based on the latest actuaries assumption as at 31 December 2007, PHH's wholly owned subsidiary Pelikan Hardcopy Scotland Limited ("PHSL")'s retirement fund has GBP17.6 million (RM116.5 million) assets to meet pension liabilities of GBP26.2 million (RM173.5 million). An amount of GBP1.9 million (RM12.6 million) has been recognised as a pension liability in the consolidated financial statements of PHH as at 30 June 2008 in accordance with the Financial Reporting Standard 119 ("FRS 119").

Company No. 63611 - U

PELIKAN INTERNATIONAL CORPORATION BERHAD

(Incorporated in Malaysia)

A. Notes to the Interim Financial Report

For the second quarter and financial period ended 30 June 2008

A12. Contingent Liabilities (continued)

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

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

B1. Taxation

	3 months ended		Financial period ended	
	30/06/08	30/06/07	30/06/08	30/06/07
	RM'000	RM'000	RM'000	RM'000
Taxation (charged)/ credited in respect of current financial period				
- income tax	(3,471)	(2,370)	(6,250)	(4,090)
- deferred tax	886	1,230	2,012	1,311
	<u>(2,585)</u>	<u>(1,140)</u>	<u>(4,238)</u>	<u>(2,779)</u>

The Group's effective tax rate is lower than the statutory income tax rate in Malaysia mainly due to utilisation of prior year tax losses and differing tax rates in different countries where the Group operates.

B2. Unquoted investment and/or properties

There was no disposal or purchase of unquoted investments or properties during the current quarter ended 30 June 2008.

B3. Marketable securities

Investments as at 30 June 2008:

	RM'000
Cost	13,876
Carrying value/book value	13,876
Market value	11,125

There was no additional purchase or disposal of securities during the current quarter.

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

B4. Borrowings

Details of the Group's borrowings as at 30 June 2008 are as set out below:

Currency	Short Term		Long Term	Total
	Secured RM' 000	Unsecured RM' 000	Secured RM' 000	RM' 000
Ringgit Malaysia	34,611	1,000	11,782	47,393
Euro	56,321	69,650	186,632	312,603
Swiss Franc	8,825	560	5,371	14,756
US Dollar	5,904	-	17,659	23,563
Mexican Peso	4,616	-	1,117	5,733
Argentine Peso	-	4,778	-	4,778
Poland Zloty	163	5,922	519	6,604
Czech Koruna	145	288	-	433
Total	110,585	82,198	223,080	415,863

B5. Off Balance Sheet Financial Instruments

Other than the operating leases as disclosed below, the Group did not enter into any contracts involving off balance sheet financial instruments during the current financial period.

	Future minimum lease payments RM'000
Not later than 1 year	12,789
Later than 1 year and not later than 5 years	49,060
Later than 5 years	5,272
	<u>67,121</u>

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

B6. Material Litigation

In the ordinary course of business, the business of PHH and GHAG 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 for perceived breach of patents with an assessed potential maximum exposure of EUR18.2 million (RM88.8 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's financial statements.

B7. Post employment benefit obligation

	RM'000
Payable within 12 months	14,529
Payable after 12 months	293,440
	<u>307,969</u>
Removable Pension Liabilities:	
Liabilities assumed by Pension Trust Fund	176,393
Liabilities assumed by the Company	65,087
	<u>241,480</u>
Other pension liabilities of the Group	66,489
	<u>307,969</u>

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

B7. Post employment benefit obligation (continued)

Pursuant to the acquisitions of Pelikan Holding AG and Pelikan Japan KK by the Company completed in April 2005, part of the pension liabilities of the Group (known as "Removable Pension Liabilities") has been assumed 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. 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.

B8. Capital commitments

Capital commitments not provided for in the financial statements as at 30 June 2008 were as follows:

	RM'000
Authorised and contracted:	
Property, plant and equipment	10,167

B9. Review of Performance

The Group's revenue for the current financial quarter was RM407.5 million compared to RM336.8 million for the corresponding quarter last year as a result of enhanced sales performance in the traditional stationery business particularly for the "back to school" season which started in April 2008. Stronger Euro sales also contributed to the increase in sales when translated to Ringgit Malaysia.

The profit before finance cost and share of results of associates for the current quarter has increased to RM58.8 million from RM52.1 million for the corresponding quarter last year. This mainly resulted from higher sales particularly for the "back to school" season.

B10. Variation of results against preceding quarters

In the current quarter, the Group's revenue has increased to RM407.5 million compared to RM313.0 million in the preceding quarter resulting from of higher sales during the "back to school" season which started since April 2008. Consequently, the Group reaped higher margins comparing to the preceding quarter due to higher sales volume during this season.

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

B11. Prospects

The risks to the economic outlook have been elevated by the turmoil that has disrupted financial markets since mid-2007, and they have clearly shifted to the downside, with the key risk being that the deterioration in global economic and financial conditions will become more severe and prolonged. The slowdown in the United States and in much of Europe has intensified since the end of 2007, and GDP for the high-income members of the Organization for Economic Cooperation and Development (OECD) and developing countries is projected to slow. Energy prices are likely to remain at elevated levels.

Revenue of the Group has been stable but the Group expected revenue in the second half of the year to be affected by the adverse market condition. Cost escalation especially raw materials is apparent and these costs cannot be easily transferred to customers within a short timeframe. In addition, not all costs can be passed to customers and therefore, the Group is continuously pursuing active cost cutting measures to make our products competitive in the market vis-à-vis the high quality that we have constantly committed.

The Group anticipates a difficult second half of 2008 with higher cost of production. After stabilising the sales organization resulting from the merger with Hardcopy business earlier last year, the Group has started restructuring its worldwide production to achieve cost effectiveness and efficiency. Although the Group has not foreseen that revenue in the second half of this year will significantly be affected, higher costs will translate to lower profit.

The Group continues to look for market expansion opportunities as the Group is focused on its strategy to attain sales volume growth, given correct cost structure and cost efficiency will result in better net margin.

B12. Dividend

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

B13. Variance on Profit Forecast / Shortfall in Profit Guarantee

Not applicable.

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

B14. Earnings per share

a) Basic earnings per share

		3 months ended		Financial period ended	
		30/06/08	30/06/07	30/06/08	30/06/07 (Restated)
Profit for the financial period attributable to equity holders of the Company	(RM'000)	44,160	41,883	68,225	64,487
Elimination of interest expense on ICULS, net of tax effect	(RM'000)	-	1	-	17
	(RM'000)	<u>44,160</u>	<u>41,884</u>	<u>68,225</u>	<u>64,504</u>
Weighted average number of ordinary shares in issue	('000)	292,481	274,846	292,108	270,377
Shares repurchased	('000)	(3,082)	-	(2,531)	-
Adjustment for ICULS	('000)	-	3	-	3
		<u>289,399</u>	<u>274,849</u>	<u>289,577</u>	<u>270,380</u>
Basic earnings per share	(sen)	15.26	15.24	23.56	23.86

b) Diluted earnings per share

		3 months ended		Financial year ended	
		30/06/08	30/06/07	30/06/08	30/06/07 (Restated)
Profit for the financial period attributable to equity holders of the Company	(RM'000)	44,160	41,883	68,225	64,487
Elimination of interest expense on ICULS, net of tax effect	(RM'000)	-	1	-	17
Elimination of interest expense on RCULS, net of tax effect	(RM'000)	563	737	1,121	1,469
	(RM'000)	<u>44,723</u>	<u>42,621</u>	<u>69,346</u>	<u>65,973</u>
Weighted average number of ordinary shares in issue	('000)	292,481	274,846	292,108	270,377
Shares repurchased	('000)	(3,082)	-	(2,531)	-
Adjustment for ICULS	('000)	-	3	-	3
Adjustment for RCULS	('000)	50,276	68,304	50,276	68,304
		<u>339,675</u>	<u>343,153</u>	<u>339,853</u>	<u>338,684</u>
Diluted earnings per share	(sen)	13.17	12.42	20.40	19.48