

Company No. 63611 - U

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

**INTERIM FINANCIAL REPORT**

**31 DECEMBER 2008**

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)  
 CONDENSED CONSOLIDATED INCOME STATEMENT  
 Interim report for the financial year ended 31 DECEMBER 2008  
*The figures have not been audited.*

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial year ended	
		31/12/08 RM' 000	31/12/07 Restated RM' 000	31/12/08 RM' 000	31/12/07 RM' 000
Revenue		226,080	319,172	1,286,604	1,194,949
Other operating income		11,193	13,556	39,906	40,268
Expenses excluding finance cost and tax		(278,168)	(324,832)	(1,244,965)	(1,115,876)
Finance cost		(5,752)	(7,682)	(31,832)	(26,760)
Share of results of associates after tax		947	1,986	4,025	7,218
Profit before taxation		(45,700)	2,200	53,738	99,799
Taxation	B1	(4,685)	2,142	(12,085)	(3,629)
Profit for the financial period		<u>(50,385)</u>	<u>4,342</u>	<u>41,653</u>	<u>96,170</u>
Attributable to:					
Equity holders of the Company		(43,420)	6,465	40,578	93,083
Minority Interest		(6,965)	(2,123)	1,075	3,087
		<u>(50,385)</u>	<u>4,342</u>	<u>41,653</u>	<u>96,170</u>
		sen	sen	sen	sen
Earnings per share attributable to equity holders of the Company:	B14				
(a) Basic		(13.44)	2.27	13.61	33.74
(b) Diluted		-	1.97	-	28.85
Declared/ proposed dividend per share	A7/ B12	2.00	6.00	2.00	11.00

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 31 DECEMBER 2008  
 The figures have not been audited.

	Note	31/12/08 RM'000	Audited 31/12/07 RM'000
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment		345,014	355,850
Trademarks		19,131	18,945
Development costs		18,598	13,083
Goodwill		119,249	117,378
Computer software licence		4,287	3,232
Investment in associates		29,046	36,677
Long term investments		16,845	13,300
Pension Trust Fund		185,989	187,465
Deferred tax assets		29,892	27,050
		<u>768,051</u>	<u>772,980</u>
<b>Current assets</b>			
Inventories		311,774	322,480
Receivables, deposits & prepayments		310,454	323,584
Tax recoverable		3,237	3,414
Pension Trust Fund		28,053	26,435
Deposits, cash and bank balances		77,009	111,776
		<u>730,527</u>	<u>787,689</u>
<b>Total Assets</b>		<u>1,498,578</u>	<u>1,560,669</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		343,169	288,068
Share premium		59,524	46,093
Currency translation		(39,395)	(13,113)
Retained profits		193,235	166,595
Treasury shares, at cost		(13,501)	(3,314)
Redeemable Convertible Unsecured Loan Stocks		-	4,406
		<u>543,032</u>	<u>488,735</u>
<b>Minority interest</b>		19,724	20,779
<b>Total Equity</b>		<u>562,756</u>	<u>509,514</u>
<b>Non current liabilities</b>			
Post employment benefit obligations	B7		
- Removable pension liabilities		227,296	223,395
- others		45,381	60,650
Provisions		11,676	17,992
Borrowings	B4	201,801	200,661
Redeemable Convertible Unsecured Loan Stocks		-	64,232
Deferred tax liabilities		8,136	10,310
		<u>494,290</u>	<u>577,240</u>
<b>Current liabilities</b>			
Payables		249,243	302,820
Post employment benefit obligations	B7		
- Removable pension liabilities		14,184	12,513
- others		613	2,023
Provisions		3,807	7,007
Borrowings	B4	164,605	141,298
Redeemable Convertible Unsecured Loan Stocks		-	1,785
Current tax liabilities		9,080	6,469
		<u>441,532</u>	<u>473,915</u>
<b>Total Liabilities</b>		935,822	1,051,155
<b>Total Equity and Liabilities</b>		<u>1,498,578</u>	<u>1,560,669</u>
Net assets per share attributable to equity holders of the Company (RM)		1.58	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 year ended 31 DECEMBER 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
<b>Balance at 1 January 2008</b>	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	-	-	(26,282)	-	-	-	-	(26,282)	(2,130)	(28,412)
Net loss recognised directly in equity	-	-	(26,282)	-	-	-	-	(26,282)	(2,130)	(28,412)
<b>Profit for the financial year</b>	-	-	-	40,578	-	-	-	40,578	1,075	41,653
<b>Total profit for the financial year</b>	-	-	-	40,578	-	-	-	40,578	1,075	41,653
Issue of share capital	55,101	13,431	-	2,893	-	-	(4,406)	67,019	-	67,019
- conversions of Redeemable Convertible Unsecured Loan Stocks	-	-	-	-	(10,187)	-	-	(10,187)	-	(10,187)
Purchase of own shares	-	-	-	(16,831)	-	-	-	(16,831)	-	(16,831)
Dividends	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2008</b>	<b>343,169</b>	<b>59,524</b>	<b>(39,395)</b>	<b>193,235</b>	<b>(13,501)</b>	<b>-</b>	<b>-</b>	<b>543,032</b>	<b>19,724</b>	<b>562,756</b>
<b>Balance at 1 January 2007</b>	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	-	-	(8,599)	-	-	-	-	(8,599)	(2,265)	(10,864)
Net loss recognised directly in equity	-	-	(8,599)	-	-	-	-	(8,599)	(2,265)	(10,864)
<b>Profit for the financial year</b>	-	-	-	93,083	-	-	-	93,083	3,087	96,170
<b>Total profit for the financial year</b>	-	-	-	93,083	-	-	-	93,083	3,087	96,170
Share of minority interest of associates	-	-	-	-	-	-	-	-	(4,636)	(4,636)
Issue of share capital	50,298	12,575	-	(1,978)	-	(56,993)	-	3,902	-	3,902
- conversions of Irredeemable Convertible Unsecured Loan Stocks	16,249	4,061	-	544	-	-	(1,154)	19,700	-	19,700
Purchase of own shares	-	-	-	-	(3,314)	-	-	(3,314)	-	(3,314)
Dividends	-	-	-	(24,033)	-	-	-	(24,033)	(647)	(24,680)
<b>Balance at 31 December 2007</b>	<b>288,068</b>	<b>46,093</b>	<b>(13,113)</b>	<b>166,595</b>	<b>(3,314)</b>	<b>-</b>	<b>4,406</b>	<b>488,735</b>	<b>20,779</b>	<b>509,514</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 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 year ended 31 DECEMBER 2008  
 The figures have not been audited.

	Financial year ended	
	31/12/08 RM' 000	31/12/07 RM' 000
<b>Operating activities</b>		
Cash receipts from customers	1,369,179	1,233,609
Cash paid to suppliers and employees	(1,309,090)	(1,154,372)
	60,089	79,237
Interest received	137	1,949
Interest paid	(17,207)	(16,200)
Taxation paid	(11,286)	(11,344)
<b>Net cash from operating activities</b>	<b>31,733</b>	<b>53,642</b>
<b>Investing activities</b>		
Acquisition of new subsidiaries	-	(40,333)
Acquisition of additional shares in existing subsidiaries	-	(4,156)
Purchase of property, plant and equipment	(31,404)	(38,207)
Proceeds from disposal of property, plant and equipment	10,807	22,703
Proceeds from disposal of associates	-	62,878
Dividend received	3,980	747
Interest paid	(9,173)	(5,510)
Purchase of computer software licence	(2,162)	(397)
Development expenses paid	(6,359)	(10,870)
Purchase of investments	(2,989)	(606)
<b>Net cash used in investing activities</b>	<b>(37,300)</b>	<b>(13,751)</b>
<b>Financing activities</b>		
Drawdown of bank borrowings	90,962	64,845
Repayments of bank borrowings	(87,249)	(20,406)
Hire purchase and finance lease principal payments	(1,739)	(2,201)
Interest paid	(545)	(5,277)
Purchase of own shares	(10,187)	(3,314)
Dividends paid to shareholders	(16,831)	(27,281)
Dividends paid to minority shareholders	-	(647)
<b>Net cash (used in) / from financing activities</b>	<b>(25,589)</b>	<b>5,719</b>
<b>Net (decrease) / increase in cash and cash equivalents during the financial year</b>	<b>(31,156)</b>	<b>45,610</b>
<b>Currency translation</b>	<b>(22,315)</b>	<b>(4,457)</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>70,773</b>	<b>29,620</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>17,302</b>	<b>70,773</b>
<b>Cash and cash equivalents comprise :</b>		
Cash and bank balances	77,009	111,776
Bank overdrafts	(59,707)	(41,003)
	<b>17,302</b>	<b>70,773</b>

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 fourth quarter and financial year ended 31 December 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 traditional business dealing with stationery, especially for school and office, was affected by the "back to school" season in Europe which normally records higher sales in mid year. Sales of Pelikan Hardcopy Holding AG ("PHH") Group and German Hardcopy AG ("GHAG") Group, dealing with hardcopy related products and printer consumables, acquired in 2007 are generally not influenced by seasonal fluctuation. The combined sales of the Group therefore have lesser effects of seasonality. However, second quarter remains the strongest quarter.

**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 31 December 2008.

**A. Notes to the Interim Financial Report  
For the fourth quarter and financial year ended 31 December 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 9 months financial period ended 30 September 2007, the Group recorded a negative goodwill of RM16.8 million arising from the acquisition of PHH Group in January 2007. This negative goodwill had subsequently been reversed in the fourth quarter ended 31 December 2007 as the Group had made further provisions to cover losses relating to pre-acquisition period of PHH Group. The restatement would have impact on the results of the quarter ended 31 December 2007 but would not have effect on the financial result for the year ended 31 December 2007.

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

<b>3 months ended 31 December 2007</b>	<b>As previously reported</b>	<b>Adjustment</b>	<b>As restated</b>
<b>Condensed Consolidated Income Statement</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other operating income	(3,218)	16,774	13,556
Profit before taxation	(12,432)	16,774	4,342

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

**A. Notes to the Interim Financial Report**  
**For the fourth quarter and financial year ended 31 December 2008**

**A6. Debt and Equity Securities**

During the current quarter, the Redeemable Convertible Unsecured Loan Stocks ("RCULS") of the Company were converted into 49,204,000 new ordinary share of RM1.00 each on the following dates:

<u>Date</u>	<u>Number of shares</u>
31.10.2008	10,960,000
05.11.2008	38,244,000

The RCULS had fully been converted into ordinary shares on 5 November 2008. Trading in the RCULS had been suspended from 13 November 2008 and the RCULS had been removed from the Official List of Bursa Malaysia Securities Berhad on 18 November 2008.

The Company repurchased a total of 222,200 of its shares from the open market for a total consideration of RM321,203 during the current quarter. Subsequent to the current quarter, a total of 40,000 ordinary shares were repurchased from the open market for a total consideration of RM43,993. 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 31 December 2008.



Company No. 63611 - U  
**PELIKAN INTERNATIONAL CORPORATION BERHAD**  
(Incorporated in Malaysia)

**A. Notes to the Interim Financial Report**  
**For the fourth quarter and financial year ended 31 December 2008**

**A7. Dividends**

	<b>Gross Dividend per share Sen</b>	<b>Amount of dividend, gross RM'000</b>	<b>Amount of dividend, net of tax RM'000</b>
<b>For the financial year ended 31/12/2007</b>			
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, paid on 27 August 2008	6.0	17,435	16,831
	<b>11.0</b>	<b>31,436</b>	<b>29,348</b>

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

**B. Notes to the Interim Financial Report**  
**For the fourth quarter and financial year ended 31 December 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
<b>12 months ended</b>								
<b>31 December 2008</b>								
External revenue	595,063	149,380	85,222	242,537	128,115	86,287		1,286,604
Intersegment revenue	422,599	308,064	-	16,679	5,981	102,791	(856,114)	-
	<u>1,017,662</u>	<u>457,444</u>	<u>85,222</u>	<u>259,216</u>	<u>134,096</u>	<u>189,078</u>	<u>(856,114)</u>	<u>1,286,604</u>
Segment result	70,038	11,642	(3,415)	(9,252)	23,687	12,734	(44,669)	60,765
Unallocated income (net of cost)								<u>20,780</u>
Profit from operations								<u>81,545</u>
<b>3 months ended</b>								
<b>31 December 2008</b>								
External revenue	75,406	35,910	19,436	56,425	23,039	15,864		226,080
Intersegment revenue	86,517	74,245	-	3,992	1,094	24,611	(190,459)	-
	<u>161,923</u>	<u>110,155</u>	<u>19,436</u>	<u>60,417</u>	<u>24,133</u>	<u>40,475</u>	<u>(190,459)</u>	<u>226,080</u>
Segment result	(11,848)	3,081	(3,081)	(4,832)	6,438	687	(22,631)	(32,186)
Unallocated income (net of cost)								<u>(8,709)</u>
Profit from operations								<u>(40,895)</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**

Other than Note A6, on 13 January 2009, a subsidiary of the Company, Productos Pelikan S.A. de C.V., acquired a further 80.5% equity interest in Industri S.A., Colombia ("Indistri") for a cash consideration of RM15,200,000 (USD4,250,000). The principal activities of Industri are the manufacturing and distribution of office, schools and stationery supplies. The Group has an effective interest of 92.62% in Industri after this acquisition. The acquisition is expected to expand our market opportunities in Colombia.

**A. Notes to the Interim Financial Report**  
**For the fourth quarter and financial year ended 31 December 2008**

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

On 3 December 2008, the Group had incorporated a new subsidiary in France, namely Pelikan France SAS ("Pelikan France"), whereby the Company had subscribed for 50,000 new shares of Euro10 each representing 100% equity interest in Pelikan France via Pelikan Holding AG, a 87.6% owned subsidiary of the Company, of which Euro250,000 (equivalent to approximately RM1.2 million) had been paid. The principal activities of Pelikan France are trading in 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 fields 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 EUR20.3 million (RM99.8 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 30 September 2008, PHH's wholly owned subsidiary Pelikan Hardcopy Scotland Limited ("PHSL")'s retirement fund has GBP15.6 million (RM78.77 million) assets to meet pension liabilities of GBP24.7 million (RM124.7 million). An amount of GBP1.6 million (RM8.0 million) has been recognised as a pension liability in the financial statements of PHSL as at 31 December 2008 in accordance with the Financial Reporting Standard 119 – Employee Benefits ("FRS 119").

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 year ended	
	31/12/08	31/12/07	31/12/08	31/12/07
	RM'000	RM'000	RM'000	RM'000
Taxation (charged)/ credited in respect of current financial period				
- income tax	(5,647)	(4,797)	(14,544)	(10,928)
- deferred tax	962	6,939	2,459	7,299
	<u>(4,685)</u>	<u>2,142</u>	<u>(12,085)</u>	<u>(3,629)</u>

The Group's effective tax rate is higher than the statutory income tax rate in Malaysia mainly due to non-deductibility of some expenses 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 31 December 2008.

**B3. Marketable securities**

Investments as at 31 December 2008:

	RM'000
Cost	16,845
Carrying value/book value	16,845
Market value	12,554

The Company increased its quoted shares investments by RM2,554,855 in the current quarter. Other than this purchase, 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 31 December 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	26,336	7,642	9,089	43,067
Euro	50,553	56,224	167,277	274,054
Swiss Franc	11,334	-	4,232	15,566
US Dollar	4,717	-	20,485	25,202
Argentine Peso	-	3,066	-	3,066
Poland Zloty	139	4,247	328	4,714
Czech Koruna	96	251	390	737
<b>Total</b>	<b>93,175</b>	<b>71,430</b>	<b>201,801</b>	<b>366,406</b>

**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	17,837
Later than 1 year and not later than 5 years	21,239
Later than 5 years	1,286
	<u>40,362</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 EUR20.3 million (RM99.8 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**

	<b>RM'000</b>
Payable within 12 months	14,797
Payable after 12 months	272,677
	<u>287,474</u>
<b>Removable Pension Liabilities:</b>	
Liabilities assumed by Pension Trust Fund	176,393
Liabilities assumed by the Company	65,087
	241,480
Other pension liabilities of the Group	45,994
	<u>287,474</u>

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.

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

**B8. Capital commitments**

Capital commitments not provided for in the financial statements as at 31 December 2008 were as follows:

	<b>RM'000</b>
Authorised and contracted: Property, plant and equipment	2,545

**B9. Review of Performance**

The Group's revenue for the current financial quarter was RM226.1 million compared to RM319.2 million for the corresponding quarter last year. Sales have been affected by weakening domestic demand especially in Europe in the last quarter of 2008. Consolidated sales have also been affected by the overall weaker Euro in the last quarter when translated into the reporting currency of Ringgit Malaysia. Rising costs of raw materials and other operating expenses has affected margin for the period, which could not be easily passed on to the customers. Lower level of sales with constant fixed costs has caused the Group to report losses for the last quarter. Other exceptional costs relating to severance and retrenchment payments and closure of our Bosnian plant were also incurred in our last quarter. The loss before tax for the current quarter was RM45.7 million as compared to restated profit after tax of RM2.2 million for the corresponding quarter last year.

On a full year basis, the Group recorded sales of RM1.29 billion as opposed to RM1.19 billion resulting from the full year consolidation of the Pelikan Hardcopy Holding AG Group, German Hardcopy AG Group and Pelikan Argentina S.A. businesses acquired in 2007. Profit before tax however declined to RM53.7 million due to the sluggish market condition and raising costs in the second half of the year.

**B10. Variation of results against preceding quarters**

In the current quarter, the Group's revenue decreased to RM226.1 million compared to RM340.1 million in the preceding quarter. Sales recorded lower growth in Fourth Quarter as compared to the Third Quarter as the Group's business is affected by seasonality which experience stronger sales in mid year and the weaker demand in the last quarter.

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

**B11. Prospects**

The prolonged financial crisis has resulted in slowdown of most economies worldwide. Our major markets in Europe are not spared and their economies are expected to record negative growth in 2009. Such conditions and uncertainties are expected to weigh down demand and affect all levels of the business supply chain including end consumers.

The Group foresees a difficult 2009 and accordingly, we will be taking the necessary actions and strategies such as having a tighter credit management, managing cost, working capital and cash conservation, to embrace the expected reduction in the level of sales, which is in fact already felt in our fourth quarter and January 2009 sales.

The Group continues to explore new businesses and investments with the view of acquisitions focusing on further market expansion plans. The Group will capture the current "market opportunities" to negotiate right prices for its acquisitions and to enhance the benefits to the Group and its shareholders.

**B12. Dividend**

The Board of Directors proposed a final dividend of 2 sen per share single tier dividend\*. The proposed final dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting. This dividend, upon approval by the shareholders will be accounted for as an appropriation of retained earnings in the year in which it is approved. The dividend payment date and entitlement date will be announced later after the shareholders' approval.

\* - 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.

**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 year ended	
		31/12/08	31/12/07	31/12/08	31/12/07
		(Restated)			
Profit for the financial period attributable to equity holders of the Company	(RM'000)	(43,420)	6,465	40,578	93,083
Elimination of interest expense on ICULS, net of tax effect	(RM'000)	-	-	-	17
	(RM'000)	<u>(43,420)</u>	<u>6,465</u>	<u>40,578</u>	<u>93,100</u>
Weighted average number of ordinary shares in issue	('000)	326,768	285,968	301,237	276,147
Shares repurchased	('000)	<u>(3,651)</u>	<u>(686)</u>	<u>(3,028)</u>	<u>(215)</u>
		<u>323,117</u>	<u>285,282</u>	<u>298,209</u>	<u>275,932</u>
Basic earnings per share	(sen)	(13.44)	2.27	13.61	33.74

**b) Diluted earnings per share**

The RCULS of the Company had been fully converted during the financial year ended 31 December 2008 and thus, no dilutive effect on the earnings per share.