

Company No. 63611 - U

PELIKAN INTERNATIONAL CORPORATION BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

31 DECEMBER 2009

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED INCOME STATEMENT
Interim report for the financial year ended 31 DECEMBER 2009
The figures have not been audited.

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial year ended	
		31/12/2009 RM' 000	31/12/2008 RM' 000	31/12/2009 RM' 000	31/12/2008 RM' 000
Revenue		267,100	227,969	1,208,294	1,288,493
Other operating income		6,641	17,787	26,748	46,500
Expenses excluding finance cost and tax		(279,198)	(291,154)	(1,165,846)	(1,257,951)
Finance cost		(5,557)	(6,099)	(22,879)	(32,179)
Share of results of associates after tax		592	1,467	3,647	4,545
Profit before taxation		<u>(10,422)</u>	<u>(50,030)</u>	<u>49,964</u>	<u>49,408</u>
Taxation	B1	(260)	(4,196)	(10,347)	(11,596)
Profit for the financial period		<u><u>(10,682)</u></u>	<u><u>(54,226)</u></u>	<u><u>39,617</u></u>	<u><u>37,812</u></u>
Attributable to:					
Equity holders of the Company		(9,314)	(47,333)	34,861	36,665
Minority Interest		(1,368)	(6,893)	4,756	1,147
		<u><u>(10,682)</u></u>	<u><u>(54,226)</u></u>	<u><u>39,617</u></u>	<u><u>37,812</u></u>
		sen	sen	sen	sen
Basic earnings per share attributable to equity holders of the Company	B16	(2.75)	(14.65)	10.27	12.30
Declared/ proposed dividend per share	A7/ B14	2.00	2.00	2.00	2.00

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 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 2009
The figures have not been audited.

	Note	31/12/2009 RM'000	Audited 31/12/08 RM'000
ASSETS			
Non current assets			
Property, plant and equipment		359,482	343,661
Trademarks		19,122	19,134
Development costs		26,951	19,300
Goodwill		121,851	119,516
Computer software licence		2,893	4,296
Investment in associates		34,557	29,044
Long term investments		16,146	16,845
Pension Trust Fund	B9	185,847	185,847
Deferred tax assets		31,631	29,934
		<u>798,480</u>	<u>767,577</u>
Current assets			
Inventories		290,018	313,470
Receivables, deposits & prepayments		310,939	311,894
Tax recoverable		5,442	3,237
Pension Trust Fund	B9	28,053	28,053
Deposits, cash and bank balances		62,716	77,009
		<u>697,168</u>	<u>733,663</u>
Total Assets		<u>1,495,648</u>	<u>1,501,240</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		343,169	343,169
Share premium		59,869	59,869
Currency translation		(33,685)	(34,888)
Retained profits		217,053	188,977
Treasury shares, at cost		(13,678)	(13,501)
		<u>572,728</u>	<u>543,626</u>
Minority interest		26,856	19,177
Total Equity		<u>599,584</u>	<u>562,803</u>
Non current liabilities			
Payables		11,965	10,607
Post employment benefit obligations	B9		
- Removable pension liabilities		202,458	227,296
- others		57,894	46,055
Borrowings	B6	152,933	196,530
Deferred tax liabilities		7,888	8,617
		<u>433,138</u>	<u>489,105</u>
Current liabilities			
Payables		207,099	255,699
Post employment benefit obligations	B9		
- Removable pension liabilities		11,909	14,184
- others		1,559	613
Provisions		418	654
Borrowings	B6	235,198	169,876
Current tax liabilities		6,743	8,306
		<u>462,926</u>	<u>449,332</u>
Total Liabilities		896,064	938,437
Total Equity and Liabilities		<u>1,495,648</u>	<u>1,501,240</u>
Net assets per share attributable to equity holders of the Company (RM)		1.67	1.58

This Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 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 2009
The figures have not been audited.

	Share Capital	Share premium (non distributable)	Currency translation (non distributable)	Retained profits (distributable)	Treasury shares, at cost (distributable)	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
Balance at 1 January 2009	343,169	59,869	(34,888)	188,977	(13,501)	-	543,626	19,177	562,803
Exchange differences on translation of foreign operations	-	-	1,203	-	-	-	1,203	2,923	4,126
Profit for the financial year	-	-	-	34,861	-	-	34,861	4,756	39,617
Total recognised income and expense for the financial year	-	-	1,203	34,861	-	-	36,064	7,679	43,743
Purchase of own shares	-	-	-	-	(177)	-	(177)	-	(177)
Dividends	-	-	-	(6,785)	-	-	(6,785)	-	(6,785)
Balance at 31 December 2009	343,169	59,869	(33,685)	217,053	(13,678)	-	572,728	26,856	599,584
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	-	-	(21,775)	-	-	-	(21,775)	(2,749)	(24,524)
Profit for the financial year	-	-	-	36,665	-	-	36,665	1,147	37,812
Total recognised income and expense for the financial year	-	-	(21,775)	36,665	-	-	14,890	(1,602)	13,288
Issue of share capital - conversions of Redeemable Convertible Unsecured Loan Stocks	55,101	13,776	-	2,548	-	(4,406)	67,019	-	67,019
Purchase of own shares	-	-	-	-	(10,187)	-	(10,187)	-	(10,187)
Dividends	-	-	-	(16,831)	-	-	(16,831)	-	(16,831)
Balance at 31 December 2008	343,169	59,869	(34,888)	188,977	(13,501)	-	543,626	19,177	562,803

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 2008 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 2009
The figures have not been audited.

	Financial year ended	
	31/12/2009	31/12/2008
	RM' 000	RM' 000
Operating activities		
Cash receipts from customers	1,240,958	1,362,886
Cash paid to suppliers and employees	(1,173,838)	(1,290,146)
	67,120	72,740
Interest received	2,158	3,417
Interest paid	(14,956)	(21,308)
Taxation paid	(18,074)	(11,033)
Net cash from operating activities	36,248	43,816
Investing activities		
Acquisition of a subsidiary	(15,025)	-
Purchase of property, plant and equipment	(27,460)	(38,932)
Purchase of intangible assets	(25)	(767)
Proceeds from disposal of property, plant and equipment	5,014	11,404
Proceeds from disposal of securities	3,748	-
Proceeds from disposal of intangible assets	-	476
Purchase of investments	-	(3,001)
Dividend received	6,698	3,971
Interest paid	(4,353)	(9,145)
Purchase of computer software licence	(776)	-
Development expenses paid	(12,259)	(7,808)
Net cash used in investing activities	(44,438)	(43,802)
Financing activities		
Drawdown of bank borrowings	245,547	90,962
Repayment of bank borrowings	(212,520)	(60,656)
Hire purchase and finance lease principal payments	(2,811)	(1,759)
Interest paid	(178)	(1,622)
Purchase of own shares	(177)	(10,187)
Dividends paid to shareholders	(6,785)	(16,831)
Net cash from / (used in) financing activities	23,076	(93)
Net increase / (decrease) in cash and cash equivalents during the financial year	14,886	(79)
Currency translation	(6,467)	(26,846)
Cash and cash equivalents at beginning of financial year	43,848	70,773
Cash and cash equivalents at end of financial year	52,267	43,848
Cash and cash equivalents comprise :		
Cash and bank balances	62,716	77,009
Bank overdrafts	(10,449)	(33,161)
	52,267	43,848

This Condensed Consolidated Cash Flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 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 2009**

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 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2008.

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 2008 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, is affected by the “back to school” season in Europe which normally records higher sales in mid year. Sales of printer consumables (i.e. Hardcopy related products) are generally not influenced by seasonal fluctuation. The combined sales of the Group therefore have lesser effects of seasonality. However, mid year remains the strongest period.

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 2009.

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

There were no 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 2009

A6. Debt and Equity Securities

The Company repurchased a total of 205,200 of its shares from the open market for a total consideration of RM176,734 during the financial year ended 31 December 2009. There was no repurchase of share during the current quarter ended 31 December 2009.

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 2009.

On 21 October 2009, the Company proposed the following:

1. renounceable rights issue of 169,627,220 new ordinary shares of RM1.00 each in the Company ("Rights Shares") on the basis of one (1) Rights Share for every two (2) existing ordinary shares of RM1.00 each in the Company ("Pelikan Shares") held at an issue price of RM1.10 per Rights Share ("Proposed Rights Issue"); and
2. increase in authorised share capital of the Company from RM500,000,000 comprising 500,000,000 Pelikan Shares to RM1,000,000,000 comprising 1,000,000,000 Pelikan Shares ("Proposed Increase In Authorised Share Capital").

The Proposed Rights Issue and the Proposed Increase in Authorised Share Capital had been approved by the shareholders of the Company at the Extraordinary General Meeting ("EGM") held on 17 December 2009. The Company had completed the Rights Issue with the listing of and quotation for 169,627,220 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") with effect from 12 February 2010.

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 2009

A7. Dividends

For the financial year ended 31 December 2008, a final dividend of 2 sen per share single tier dividend* (2008: 6 sen per share, of which 5.2 sen per share is single tier* dividend, and 0.8 sen per share less 26%) amounted to RM6,785,091, which had been approved by the shareholders at the Annual General Meeting held on 10 June 2009, had been paid on 8 September 2009.

No dividends have been paid during the current quarter ended 31 December 2009.

* - 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.

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
12 months ended								
31 December 2009								
External revenue	568,169	106,465	64,601	233,331	157,855	77,873	-	1,208,294
Intersegment revenue	305,038	254,497	483	14,207	9,207	117,734	(701,166)	-
	<u>873,207</u>	<u>360,962</u>	<u>65,084</u>	<u>247,538</u>	<u>167,062</u>	<u>195,607</u>	<u>(701,166)</u>	<u>1,208,294</u>
Segment result	56,747	(6,285)	(6,000)	(8,297)	20,983	5,968	(20,658)	42,458
Unallocated income (net of cost)								<u>26,738</u>
Profit from operations								<u>69,196</u>
3 months ended								
31 December 2009								
External revenue	112,313	25,971	15,112	59,513	37,041	17,150	-	267,100
Intersegment revenue	41,323	68,973	43	3,236	1,918	25,756	(141,249)	-
	<u>153,636</u>	<u>94,944</u>	<u>15,155</u>	<u>62,749</u>	<u>38,959</u>	<u>42,906</u>	<u>(141,249)</u>	<u>267,100</u>
Segment result	(4,851)	(2,255)	(2,842)	1,039	3,459	(1,882)	4,461	(2,871)
Unallocated income (net of cost)								<u>(2,586)</u>
Loss from operations								<u>(5,457)</u>

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 2009

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

On 12 February 2010, the Company has completed the Rights Issue, as disclosed in Note A6, with the listing of and quotation for 169,627,220 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad.

A11. Changes in the Composition of the Group

On 13 January 2009, a subsidiary of the Company in Mexico, Pelikan Mexico S.A. de C.V. (formerly known as Productos Pelikan S.A. de C.V.), acquired a further 80.5% equity interest in Pelikan Colombia S.A.S. ("Pelikan Colombia") (formerly known as Industri S.A.) for a cash consideration of USD4,250,000 (RM15,200,000). The principal activities of Pelikan Colombia are the manufacturing and distribution of office, schools and stationery supplies. The Group has an effective interest of 93.26% in Pelikan Colombia as at 31 December 2009.

A12. Contingent Liabilities

- (a) In the ordinary course of business, the "Hardcopy business" (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) 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 EUR24.1 million (RM118.5 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 successfully be defended. Accordingly, 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.

A. Notes to the Interim Financial Report
For the fourth quarter and financial year ended 31 December 2009

A12. Contingent Liabilities (cont'd)

- (b) Based on the latest actuaries assumptions as at 31 December 2009, the Company's wholly owned subsidiary Pelikan Hardcopy Scotland Limited ("PHSL")'s retirement fund has GBP18.6 million (RM101.6 million) assets to meet pension liabilities of GBP26.8 million (RM146.4 million). An amount of GBP1.2 million (RM6.5 million) has been recognised as a pension liability in the financial statements of PHSL as at 31 December 2009 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	
	31/12/09	31/12/08	31/12/09	31/12/08
	RM'000	RM'000	RM'000	RM'000
Taxation (charged)/ credited in respect of current financial period				
- income tax	(1,910)	(4,666)	(13,148)	(13,563)
- deferred tax	1,650	470	2,801	1,967
	<u>(260)</u>	<u>(4,196)</u>	<u>(10,347)</u>	<u>(11,596)</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

During the current financial year ended 31 December 2009, the Group increased its unquoted investment by RM113,000 through the acquisition of Pelikan Colombia refer to in Note A11.

During the current quarter ended 31 December 2009, Pelikan Colombia disposed of a piece of land for a total consideration of COP400,000,000 (approximately RM680,000), where a loss on disposal of COP26,400,000 (approximately RM44,880) was recognised in the profit and loss account.

Other than that, there was no disposal or purchase of unquoted investments or properties during the current quarter ended 31 December 2009.

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

B3. Marketable securities

Investments as at 31 December 2009:

	RM'000
Cost	16,146
Carrying value/book value	16,146
Market value	16,745

The Company increased its quoted shares investments by RM343,201 through dividend shares received in the current financial year ended 31 December 2009.

During the current financial year ended 31 December 2009, the Company disposed of part of its quoted share investments for a total consideration of RM3,748,449, where a profit on disposal of investment of RM1,737,257 had been recognised in the profit and loss account.

Other than the abovementioned, there was no other purchase or disposal of securities during the current quarter.

B4. Status of Corporate Proposals

On 9 November 2009, the Company made the following announcement:

1. Proposed Conditional Voluntary Public Takeover Offer by the Company to all the shareholders of Herlitz Aktiengesellschaft ("Herlitz") ("Proposed Takeover Offer");
2. Proposed acquisition from Stationery Products S.à.r.l. of the following:
 - (a) 7,198,498 non-par value bearer shares in Herlitz representing 65.99% equity interest in Herlitz and 4,802,763 Herlitz options for a cash consideration of EUR1 (RM5.05);
 - (b) rights as a lender to a shareholder's loan amounting to EUR15 million (RM75.7million) (including any accrued interest) owing by Herlitz for a total cash consideration of EUR1 (RM5.05);

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

B4. Status of Corporate Proposals (cont'd)

- (c) rights as a lender to a shareholder's loan amounting to EUR85 million (RM429.25 million) (including any accrued interest) owing by Molkari Vermietungsgesellschaft mbH & Co. Objekt Falkensee KG ("Molkari") for a total cash consideration of EUR45 million (RM227.3 million); and
 - (d) 100% equity interest in Ganymed Falkensee Grundstücksverwaltungs GmbH for a cash consideration of EUR1 (RM5.05); and
3. Proposed acquisition from Herlitz PBS Aktiengesellschaft Papier-, Büro- und Schreibwaren, a wholly-owned subsidiary of Herlitz, of 94.9% of the registered and paid-up sole entire limited partnership interest in Molkari of EUR100,000 for a cash consideration of EUR1 (RM5.05).

The above proposals had been approved by the shareholders of the Company at the EGM held on 17 December 2009 and are still subject to other approval of the relevant authorities.

On 8 January 2010, the Federal Financial Supervisory Authority of Germany has permitted the publication of the offer documents in relation to the Proposed Takeover Offer.

On 25 November 2009, the Company proposed to establish and implement an Executives' Share Option Scheme ("ESOS") for the eligible directors and executives of the Company and its eligible subsidiaries ("Proposed ESOS"). The maximum number of the new Pelikan Shares to be allotted and issued pursuant to the exercise of the options which may be granted under the ESOS shall not exceed 5% of the issued and paid-up share capital of the Company at any point of time throughout the duration of the ESOS. The ESOS is in force for a period of 5 years and may be extended or renewed for a further period of 5 years.

The Proposed ESOS had been approved by the shareholders of the Company at the EGM held on 17 December 2009. The ESOS has yet to be implemented.

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

B5. Proposed Utilisation of Proceeds raised from Rights Issues

The proposed utilisation of proceeds raised from Rights Issues is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation		Explanations
	RM'000	RM'000		RM'000	%	
Working capital	184,790	-	Within one (1) year	-	-	-
Estimated expenses	1,800	-	Within three (3) months	-	-	-
Total	186,590	-				

B6. Borrowings

Details of the Group's borrowings as at 31 December 2009 are as set out below:

Currency	Short Term		Long Term	Total
	Secured RM' 000	Unsecured RM' 000	Secured RM' 000	RM' 000
Ringgit Malaysia	81,491	1,000	4,753	87,244
Japanese Yen	-	1,487	-	1,487
Euro	90,644	24,330	113,437	228,411
Swiss Franc	6,437	-	-	6,437
US Dollar	21,549	-	16,364	37,913
Polish Zloty	174	3,808	129	4,111
Argentine Peso	2,615	-	-	2,615
Czech Koruna	21	165	319	505
Mexican Peso	-	-	12,512	12,512
Colombian Peso	1,239	238	5,419	6,896
Total	204,170	31,028	152,933	388,131

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

B7. 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 quarter.

	Future minimum lease payments RM'000
Not later than 1 year	14,960
Later than 1 year and not later than 5 years	15,798
Later than 5 years	2,656
	<hr/> <u>33,414</u> <hr/>

B8. Material Litigation

In the ordinary course of business, the "Hardcopy business" (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) 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 EUR24.1 million (RM118.5 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 successfully be defended. Accordingly, 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. Additional Information Required by the Bursa Malaysia Securities Berhad's Listing Requirements

B9. Post employment benefit obligation

	RM'000
Payable within 12 months	13,468
Payable after 12 months	260,352
	<u>273,820</u>
Removable Pension Liabilities:	
Liabilities assumed by Pension Trust Fund	149,280
Liabilities assumed by the Company	65,087
	214,367
Other pension liabilities of the Group	59,453
	<u>273,820</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 Pelikan Holding AG 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.

B10. Capital commitments

Capital commitments not provided for in the financial statements as at 31 December 2009 were as follows:

	RM'000
Authorised and contracted:	
Property, plant and equipment	4,696

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

B11. Review of Performance

The Group achieved full year turnover of RM1.21 billion as opposed to RM1.29 billion in 2008. Turnover of all business units within the Group has dropped compared with last year with the exception of Pelikan Latin America. Europe was hardest hit by the crisis with Spain, Italy, Greece etc facing serious recession. According to World Bank, Latin American region weather this crisis much better than in the past with projected increase in regional output in 2010 and 2011. Sales of Pelikan Latin America were higher by 23% over last year with more stable local currencies.

Profit before taxation for the year improved slightly from RM49.4 million to RM50.0 million. This is contributed by better costs control and working capital management. Other income has also decreased partly due to lower foreign currency exchange gains (what the Group had experience in 2008) as exchange rates were more stable in 2009. Finance costs have shown substantial reduction as all loan stocks of the Group had fully been converted to shares since last quarter of 2008. The lower finance costs were also due to refinancing of more expensive loans to less expensive ones.

B12. Variation of results against preceding quarters

Turnover in the current quarter of RM267.1 million was lower than the preceding quarter due to seasonality. Sales in the last quarter of the year remain the weakest after the end of the "back to school" season. Resulting from the lower sales and due to less efficient absorption of fixed costs particularly in the production entities, the quarter loss before taxation was RM 10.4 million.

B13. Prospects

According to World Bank, the global economic recovery that is now underway is expected to slow down later this year as the impact of fiscal stimulus wanes. Financial markets remain troubled and private sector demand lags amid high unemployment. Despite the unfavourable economic outlook, 2010 should see another exciting milestone for the Group when the Group heads toward completion of Herlitz acquisition. The merger promises greater prospect with cross selling opportunities, common cost savings and synergies. Depending on the timing of the execution of the various merger plans and barring any unforeseen circumstances, we anticipated better results from the merged entities.

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

B14. 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 entitlement date and payment 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.

B15. Variance on Profit Forecast / Shortfall in Profit Guarantee

Not applicable.

B16. Basic Earnings per share

		3 months ended		Financial year ended	
		31/12/09	31/12/08	31/12/09	31/12/08
Profit for the financial period attributable to equity holders of the Company	(RM'000)	<u>(9,314)</u>	<u>(47,333)</u>	<u>34,861</u>	<u>36,665</u>
Weighted average number of ordinary shares in issue	('000)	343,169	326,768	343,169	301,237
Shares repurchased	('000)	<u>(3,914)</u>	<u>(3,651)</u>	<u>(3,879)</u>	<u>(3,028)</u>
		<u>339,255</u>	<u>323,117</u>	<u>339,290</u>	<u>298,209</u>
Basic earnings per share	(sen)	(2.75)	(14.65)	10.27	12.30