PELIKAN INTERNATIONAL CORPORATION BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

31 MARCH 2010

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Interim report for the financial period ended 31 MARCH 2010
The figures have not been audited.

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial period ended	
		31/03/10 RM' 000	31/03/09 RM' 000	31/03/10 RM' 000	31/03/09 RM' 000
Revenue		272,789	285,411	272,789	285,411
Other operating income		147,229	2,134	147,229	2,134
Expenses excluding finance cost and tax		(302,905)	(269,556)	(302,905)	(269,556)
Finance cost		(4,345)	(6,100)	(4,345)	(6,100)
Share of results of associates after tax		1,451	162	1,451	162
Profit before taxation		114,219	12,051	114,219	12,051
Taxation	B1	(2,190)	(2,574)	(2,190)	(2,574)
Profit for the financial period		112,029	9,477	112,029	9,477
Other comprehensive income / (loss):					
Net gain on revaluation of financial investments available-for-sale		1,364	-	1,364	-
Exchange differences on translation of foreign operations		(16,586)	(12,560)	(16,586)	(12,560)
Total comprehensive income for the period		96,807	(3,083)	96,807	(3,083)
Total profit attributable to:					
Equity holders of the Company		111,409	8,022	111,409	8,022
Minority Interest		620	1,455	620	1,455
		112,029	9,477	112,029	9,477
Total comprehensive income attributable to:					
Equity holders of the Company		96,706	(4,517)	96,706	(4,517)
Minority Interest		101	1,434	101	1,434
		96,807	(3,083)	96,807	(3,083)
		sen	sen	sen	sen
Earnings per share attributable to equity holders of the Company	B15	25.36	2.17	25.36	2.17

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Interim report as at 31 MARCH 2010
The figures have not been audited.

	Note	31/03/10 RM'000	Audited 31/12/09 RM'000
ASSETS			
Non current assets			
Property, plant and equipment		639,642	359,502
Trademarks		17,114	19,122
Development costs		25,032	26,951
Goodwill		111,235	118,604
Computer software licence		4,634	2,893
Investment in associates		35,370	34,557
Available-for-sale financial assets		16,543	16,146
Pension Trust Fund		188,776	188,776
Deferred tax assets		32,772	31,538
		1,071,118	798,089
Current assets			
Inventories		426,781	306,934
Receivables, deposits & prepayments		426,657	317,337
Tax recoverable		4,995	5,287
Pension Trust Fund		25,124	25,124
Deposits, cash and bank balances		172,925	62,709
		1,056,482	717,391
Total Assets		**2,127,600**	**1,515,480**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		512,796	343,169
Share premium		74,991	59,869
Currency translation		(43,969)	(27,902)
Available-for-sale reserve		380	-
Retained profits		329,896	218,583
Treasury shares, at cost		(13,830)	(13,678)
		860,264	580,041
Minority interest		59,630	23,095
Total Equity		919,894	603,136
Non current liabilities			
Payables		10,947	11,527
Post employment benefit obligations	B8		
- Removable pension liabilities		178,303	202,458
- others		52,797	57,894
Borrowings	B5	143,634	152,921
Deferred tax liabilities		7,749	7,705
		393,430	432,505
Current liabilities			
Payables		573,777	223,892
Post employment benefit obligations	B8		
- Removable pension liabilities		10,642	11,909
- others		1,371	1,559
Provisions		67,978	422
Borrowings	B5	151,822	235,210
Current tax liabilities		8,686	6,847
		814,276	479,839
Total Liabilities		1,207,706	912,344
Total Equity and Liabilities		**2,127,600**	**1,515,480**
Net assets per share attributable to equity holders of the Company (RM)		1.68	1.69

This Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 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 31 MARCH 2010
The figures have not been audited.

	Share Capital	Share premium (non distributable)	Currency translation (non distributable)	Available-for-sales reserves (non distributable)	Retained profits (distributable)	Treasury shares, at cost (distributable)	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 2010	343,169	59,869	(27,902)	-	218,583	(13,678)	580,041	23,095	603,136
- effects of adopting FRS 139	-	-	-	(984)	(96)	-	(1,080)	(4)	(1,084)
As restated	343,169	59,869	(27,902)	(984)	218,487	(13,678)	578,961	23,091	602,052
Exchange differences on translation of foreign operations	-	-	(16,067)	-	-	-	(16,067)	(519)	(16,586)
Other comprehensive income	-	-	-	1,364	-	-	1,364	-	1,364
Profit for the financial period	-	-	-	-	111,409	-	111,409	620	112,029
Total recognised income and expense for the financial period	-	-	(16,067)	1,364	111,409	-	96,706	101	96,807
Acquisition of subsidiaries	-	-	-	-	-	-	-	36,438	36,438
Rights Issue, net of share issue costs	169,627	15,122	-	-	-	-	184,749	-	184,749
Purchase of own shares	-	-	-	-	-	(152)	(152)	-	(152)
Balance at 31 March 2010	512,796	74,991	(43,969)	380	329,896	(13,830)	860,264	59,630	919,894
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	-	-	(12,539)	-	-	-	(12,539)	(21)	(12,560)
Profit for the financial period	-	-	-	-	8,022	-	8,022	1,455	9,477
Total recognised income and expense for the financial period	-	-	(12,539)		8,022	-	(4,517)	1,434	(3,083)
Purchase of own shares	-	-	-	-	-	(134)	(134)	-	(134)
Balance at 31 March 2009	343,169	59,869	(47,427)	-	196,999	(13,635)	538,975	20,611	559,586

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 2009 and the accompanying explanatory notes attached to the interim financial statements.

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Interim report for the financial period ended 31 MARCH 2010
The figures have not been audited.

	Note	Financial period ended 31/03/10 RM' 000	Financial period ended 31/03/09 RM' 000
Operating activities			
Cash receipts from customers		271,952	330,248
Cash paid to suppliers and employees		(270,276)	(299,417)
		1,676	30,831
Interest received		284	243
Interest paid		(2,784)	(4,704)
Taxation paid		(1,041)	(9,682)
Net cash from operating activities		(1,865)	16,688
Investing activities			
Acquisition of subsidiaries	A11	23,404	(14,724)
Purchase of property, plant and equipment		(4,947)	(8,567)
Proceeds from disposal of property, plant and equipment		73	107
Dividend received		-	1,314
Interest paid		(1,272)	(741)
Purchase of computer software licence		(140)	-
Development expenses paid		(1,442)	(2,046)
Purchase of investments		(348)	-
Net cash used in investing activities		15,328	(24,657)
Financing activities			
Drawdown of bank borrowings		69,570	46,537
Repayments of bank borrowings		(139,579)	(46,373)
Hire purchase and finance lease principal payments		(652)	(772)
Interest paid		(33)	-
Rights issue, net of share issue costs		184,749	-
Purchase of own shares		(152)	(134)
Net cash from/(used in) financing activities		113,903	(742)
Net increase/(decrease) in cash and cash equivalents during the financial period		127,366	(8,711)
Currency translation		(9,753)	(9,037)
Cash and cash equivalents at beginning of financial period		50,926	43,848
Cash and cash equivalents at end of financial period		168,539	26,100
Cash and cash equivalents comprise :			
Cash and bank balances		172,925	58,445
Bank overdrafts		(4,386)	(32,345)
		168,539	26,100

This Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

A. Notes to the Interim Financial Report
For the first quarter and financial period ended 31 March 2010

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 2009.

A2. Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2009, except for the adoption of the following.

FRSs/Interpretations	**Effective date**
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segment	1 July 2009
FRS 101, Presentation of Financial Statements	1 January 2010
FRS 123, Borrowing Costs	1 January 2010
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 132, Financial Instruments: Presentation Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures, and IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
Improvements to FRSs (2009)	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 11, FRS 2: Group and Treasury Share Transactions	1 January2010
Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 13, Customer Loyalty Programmes	1 January 2010
IC Interpretation 14, FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

A. Notes to the Interim Financial Report
For the first quarter and financial period ended 31 March 2010

A2. Accounting Policies (cont'd)

FRS 4 is not relevant to the Group's and the Company's operations.

Other than the implications as disclosed below, the adoptions of the above standards, amendments and interpretations do not have any material impact on the financial statements of the Group:

(a) FRS 139, Financial Instruments: Recognition and Measurement, Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives.

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments.

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument. The Group categorises financial instruments as follows:

Financial Assets

(i) Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortized cost using the effective interest method.

**A. Notes to the Interim Financial Report
For the first quarter and financial period ended 31 March 2010**

A2. Accounting Policies (cont'd)

(ii) Available-for-sale financial assets

Available-for-sale category comprises investment in equity instruments that are not held for trading. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorized as available-for-sale are subsequently measured at their fair values with the gain or loss recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items which are recognised in profit and loss. On derecognition, the cumulative gain or loss recognized in other comprehensive income is reclassified from equity into profit and loss.

All financial assets, except for those measured at fair value, are subject to review for impairment.

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the assets. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in equity is recognized in the profit and loss.

Financial Liabilities

All financial liabilities are subsequently measured at amortized cost, other than those measured at fair value.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the profit and loss.

A. Notes to the Interim Financial Report
For the first quarter and financial period ended 31 March 2010

A2. Accounting Policies (cont'd)

In accordance with the transitional provisions of FRS 139, the changes in this accounting policy are applied prospectively and the comparatives as at 31 December 2009 are not restated. These changes will be accounted for by restating the opening balances in the balance sheet as at 1 January 2010. The effects of the changes are summarised below:

	As at 1 January 2010 RM'000
Decrease in minority interest	(4)
Decrease in receivables, deposits and prepayments	(100)
Decrease in available-for-sale financial assets	(984)
Decrease in available-for-sale reserves (non-distributable)	(984)
Decrease in retained profits (distributable)	(96)

Investments in equity securities

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and associate were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates are now categorized and measured as available-for-sale as detailed above.

(b) FRS 8: Operating Segments

Following the adoption of FRS 8, Operating Segments, effective 1 January 2010, an operating segment is a component of the Group that engages in business activities within a particular economic environment (geographical segment) from which it may earn revenues and incur expenses. The Group determines and presents operating segments based on information that is internally provided to the Chief Executive Officer, who is the Group's chief operation decision maker, to make decisions about resources to be allocated to the segment and assess its performance.

A. Notes to the Interim Financial Report
For the first quarter and financial period ended 31 March 2010

A2. Accounting Policies (cont'd)

(c) Comparative figures – FRS 101 Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, income statements of the Group for the comparative financial period ended 31 March 2009 have been re-presented as two separate statements, ie. An income statement displaying components of profit or loss and a statement of comprehensive income. All non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Since these changes only affect presentation aspects, there is no impact on earnings per ordinary share.

A3. Report of the Auditors to the Members

The report of the auditors on the annual financial statements for the financial year ended 31 December 2009 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.

A4. Seasonality or Cyclicality 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 Geha GmbH (formerly known as German Hardcopy AG) ("Geha") groups dealing with hardcopy related products and printer consumables such as inkjet and toner cartridges, thermal transfer, office media and impact cartridges, 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.

A5. Exceptional and/or Extraordinary Items Affecting Assets, Liabilities, Equity, Net Income or Cash flows

Other than the negative goodwill resulting from the Herlitz acquisition as described in Notes A11 and B10 as well as the related provision for merger and reorganisation expenses, and except as disclosed elsewhere in this interim financial report, there were no other exceptional and/ or extraordinary items affecting assets, liabilities, equity, net income or cash flows for the current quarter ended 31 March 2010.

A. Notes to the Interim Financial Report
For the first quarter and financial period ended 31 March 2010

A6. 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.

A7. Debt and Equity Securities

The Company repurchased a total of 115,100 of its shares from the open market for a total consideration of RM151,446 during the current quarter. Subsequent to the current quarter, a total of 673,500 ordinary shares were repurchased from the open market for a total consideration of RM763,649. 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.

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.

Other than mentioned above, there were no other issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current quarter ended 31 March 2010.

A8. Dividends

No dividends have been paid during the current quarter ended 31 March 2010.

A9. 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
3 months ended 31 March 2010								
External revenue	117,105	24,976	14,474	54,807	43,720	17,707	-	272,789
Intersegment revenue	60,335	66,337	46	4,201	2,337	30,244	(163,500)	-
	177,440	91,313	14,520	59,008	46,057	47,951	(163,500)	272,789
Segment result	6,686	(1,170)	(787)	(1,380)	4,760	2,113	(4,527)	5,695
Unallocated income (net of cost)								111,418
Profit from operations								117,113

A. Notes to the Interim Financial Report
For the first quarter and financial period ended 31 March 2010

A10. Valuation of Property, Plant and Equipment

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

A11. Changes in the Composition of the Group

On 18 March 2010, the Herlitz Transactions became unconditional and proceeded to completion. Hence, Herlitz AG ("Herlitz") became a 65.99% subsidiary, Molkari Vermietungsgesellschaft mbH & Co. Objekt Falkensee KG ("Molkari") became a 98.27% subsidiary, and Ganymed Falkensee Grundstücksverwaltungs GmbH ("Ganymed") became a 100% owned subsidiary of the Company as at end of the current quarter. The payment for the Herlitz Transactions was settled in April 2010.

A12. Events Subsequent to Balance Sheet Date

The Herlitz AG Takeover Offer was closed on 6 April 2010. Including further acceptances therefrom, the total acceptances amounted to 450,774 Herlitz shares, representing 4.13% of the issued and paid-up capital of Herlitz.

Other than above, there is no event subsequent to balance sheet date as at 31 March 2010.

A. Notes to the Interim Financial Report
For the first quarter and financial period ended 31 March 2010

A13. 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 EUR25.1 million (RM110.5 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. 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 assumptions as at 31 December 2009, the Company's wholly owned subsidiary Pelikan Hardcopy Scotland Limited ("PHSL")'s retirement fund has GBP18.6 million (RM91.7 million) assets to meet pension liabilities of GBP26.8 million (RM146.4 million). An amount of GBP1.2 million (RM6.0 million) has been recognised as a pension liability in the financial statements of PHSL as at 31 March 2010 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 period ended	
	31/03/10	**31/03/09**	**31/03/10**	**31/03/09**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Taxation (charged)/ credited in respect of current financial period				
- income tax	(2,079)	(3,687)	(2,079)	(3,687)
- deferred tax	(111)	1,113	(111)	1,113
	(2,190)	(2,574)	(2,190)	(2,574)

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 of unquoted investments or properties during the current quarter ended 31 March 2010.

B3. Marketable securities

Investments as at 31 March 2010:

	RM'000
Available-for-sale financial assets	16,543

The Company increased its quoted shares investments by RM348,345 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. Proposed Utilisation of Proceeds raised from Rights Issues

The utilisation of proceeds raised from Rights Issues as at 31 March 2010 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation		Explanations
	RM'000	RM'000		RM'000	%	
Working capital	184,790	97,969	Within one (1) year	86,821	47.0	To be utilised
Estimated expenses	1,800	1,841	Within three (3) months	(41)	(2.3)	-
Total	186,590	99,810				

B5. Borrowings

Details of the Group's borrowings as at 31 March 2010 are as set out below:

	Short Term		Long Term	Total
	Secured	Unsecured	Secured	
Currency	RM' 000	RM' 000	RM' 000	RM' 000
Ringgit Malaysia	35,436	1,000	4,753	41,189
Euro	43,954	52,451	100,174	196,579
Swiss Franc	5,622	-	3,074	8,696
US Dollar	5,730	-	16,357	22,087
Argentine Peso	3,322	-	-	3,322
Poland Zloty	153	-	112	265
Czech Koruna	27	121	262	410
Mexican Peso	-	1,318	11,872	13,190
Japanese Yen	1,412	-	-	1,412
Colombian Peso	1,261	15	4,644	5,920
Great Britain Pound	-	-	2,309	2,309
Singapore Dollar	-	-	77	77
Total	96,917	54,905	143,634	295,456

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

B6. 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	20,015
Later than 1 year and not later than 5 years	30,235
Later than 5 years	6,042
	56,292

B7. 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 EUR25.1 million (RM110.5 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. 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

B8. Post employment benefit obligation

	RM'000
Payable within 12 months	12,013
Payable after 12 months	231,100
	243,113
Removable Pension Liabilities:	
Liabilities assumed by Pension Trust Fund	123,858
Liabilities assumed by the Company	65,087
	188,945
Other pension liabilities of the Group	54,168
	243,113

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.

B9. Capital commitments

Capital commitments not provided for in the financial statements as at 31 March 2010 were as follows:

	RM'000
Authorised and contracted:	
Property, plant and equipment	1,683

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

B10. Review of Performance

The Group's revenue for the current financial quarter was RM272.8 million compared to RM285.4 million for the corresponding quarter last year. The overall sales for the current quarter were softer as a result of the uncertain market conditions in major markets where the Group trades in, particularly in Europe. In addition, the weakened Euro currency against Ringgit Malaysia in the current quarter had contributed to the lower revenue when translated into the reporting currency.

In the current quarter, as a result of the acquisitions of Herlitz, Molkari and Ganymed, as disclosed in Note A11 above, the Group recognised negative goodwill resulting from the said acquisitions of RM143.1 million. The Group has plan for merger and reorganisation of its business operations with that of Herlitz and has identified and provided for related expenses amounted to RM41.9 million in the current quarter.

Operationally, without taking into account the negative goodwill and provision for expenses mentioned above, the Group's results in the current quarter was slightly higher than the corresponding quarter last year with profit after tax of RM10.8 million. The profit in the current quarter was also partly affected by exchange loss recognized in the profit and loss of RM2.7 million (corresponding quarter in 2009: RM0.4 million exchange loss). The reduction in finance costs and improvement in the profit of associate contributed positively to the results of the current quarter.

B11. Variation of results against preceding quarters

In the current quarter, the Group's revenue increased to RM272.8 million compared to RM261.3 million in the fourth quarter last year. Both first and fourth quarters are currently weakest quarters of the Group in terms of sales due to the "back to school" season of Europe in mid year. The results improved in the first quarter 2010 due to higher sales and better absorption of costs.

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

B12. Prospects

Turnover in the first four months this year, especially in April, was lower than in 2009 mainly due to the lower demand and uncertain economic condition in Europe (our largest market) particularly in Italy, Spain and Eastern Europe. However, margin is not significantly affected because the loss in turnover was mainly contributed by lower private label, non-branded sales of hardcopy products with low margin. New product development continues to be the focus in order to capture interest and generate sales.

Our markets in Latin America and Middle East are also expanding and indicated good progress to date, despite global economic slowdown. However, their contributions are smaller as compared to from Europe and therefore, the overall sales and results have not been significantly influenced by the positive development in these markets. Nevertheless, it is a good development as the Group constantly tries to expand markets outside Europe to lower the dependency of the Group to European market, and to cushion the sale seasonality of the Back to school ("BTS") season in Europe.

Even though we do expect better performance in the mid year from our traditional stationery and customary BTS businesses, our overall expectation for 2010 is sluggish resulting from the persisting global crisis and lowering domestic demands in our major markets. In the meantime, the Group is seeking to expand further its business opportunities in the under-developed and unrepresented markets with a motive to improve overall sales growth.

The acquisition of Herlitz has been completed and the Group is actively coordinating merger plan to deliver the desired synergies, common cost savings and cross selling opportunities. As the turnover after the acquisition doubled, the Group targets to optimize its cost structure to deliver higher net margin whilst keeping fixed costs low. Barring any unforeseen circumstances, the Group expected better results from the merger with Herlitz.

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

B13. Dividend

For the financial year ended 31 December 2009, 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 are 17 August 2010 and 15 September 2010 respectively.

* - 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.

B14. Variance on Profit Forecast / Shortfall in Profit Guarantee

Not applicable.

B15. Earnings per share

		3 months ended		**Financial period ended**	
		31/03/10	**31/03/09 Restated**	**31/03/10**	**31/03/09 Restated**
Profit for the financial period attributable to equity holders of the Company	(RM'000)	111,409	8,022	111,409	8,022
Weighted average number of ordinary shares in issue	('000)	427,982	343,169	427,982	343,169
Notional bonus shares in rights issue	('000)	15,238	30,476	15,238	30,476
Shares repurchased	('000)	(3,915)	(3,772)	(3,915)	(3,772)
		439,305	369,873	439,305	369,873
Earnings per share	(sen)	25.36	2.17	25.36	2.17