

Company No. 63611 - U

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

**INTERIM FINANCIAL REPORT**

**30 JUNE 2011**

**PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Interim report for the financial period ended 30 June 2011**  
*The figures have not been audited.*

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial period ended	
		30/06/2011 RM' 000	30/06/2010 RM' 000	30/06/2011 RM' 000	30/06/2010 RM' 000
Revenue		505,076	492,050	965,826	764,839
Other operating income		6,171	20,438	23,164	167,667
Expenses excluding finance cost and tax		(486,843)	(480,605)	(953,620)	(783,510)
Finance cost		(6,556)	(5,598)	(11,772)	(9,943)
Share of results of associates after tax		1,477	1,497	2,552	2,948
Profit before taxation		<u>19,325</u>	<u>27,782</u>	<u>26,150</u>	<u>142,001</u>
Taxation	B1	(6,356)	(5,815)	(10,492)	(8,005)
Profit for the financial period		<u>12,969</u>	<u>21,967</u>	<u>15,658</u>	<u>133,996</u>
Other comprehensive income / (loss):					
Net gain on revaluation of financial investments available-for-sale		-	429	-	1,793
Exchange differences on translation of foreign operations		28,572	(65,669)	42,525	(82,255)
Total other comprehensive income / (loss)		<u>28,572</u>	<u>(65,240)</u>	<u>42,525</u>	<u>(80,462)</u>
Total comprehensive income / (loss) for the financial period		<u>41,541</u>	<u>(43,273)</u>	<u>58,183</u>	<u>53,534</u>
Total profit / (loss) attributable to:					
Owners of the parent		15,384	24,691	22,593	136,100
Minority Interest		(2,415)	(2,724)	(6,935)	(2,104)
		<u>12,969</u>	<u>21,967</u>	<u>15,658</u>	<u>133,996</u>
Total comprehensive income / (loss) attributable to:					
Owners of the parent		46,200	(34,272)	67,875	62,434
Minority Interest		(4,659)	(9,001)	(9,692)	(8,900)
		<u>41,541</u>	<u>(43,273)</u>	<u>58,183</u>	<u>53,534</u>
Earnings per share attributable to equity holders of the parent	B14	sen 3.03	sen 4.58	sen 4.45	sen 27.84

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 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 30 June 2011**  
*The figures have not been audited.*

	Note	30/06/2011 RM'000	Audited 31/12/2010 RM'000
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment		623,859	603,809
Trademarks		15,983	14,932
Development costs		27,809	25,532
Goodwill		110,927	109,511
Computer software licence		3,383	3,447
Investment in associates		35,370	36,854
Available-for-sale financial assets		3,227	3,006
Pension Trust Fund		192,565	192,565
Deferred tax assets		27,754	27,980
		<u>1,040,877</u>	<u>1,017,636</u>
<b>Current assets</b>			
Inventories		489,313	388,200
Receivables, deposits & prepayments		432,691	395,019
Tax recoverable		2,546	5,234
Pension Trust Fund		21,335	21,335
Deposits, cash and bank balances		106,576	109,263
		<u>1,052,461</u>	<u>919,051</u>
<b>Total Assets</b>		<u><b>2,093,338</b></u>	<u><b>1,936,687</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		512,796	512,796
Share premium		74,964	74,964
Currency translation		(18,141)	(63,423)
Retained profits		347,462	335,009
Treasury shares, at cost		(15,795)	(15,569)
		<u>901,286</u>	<u>843,777</u>
<b>Minority interest</b>		26,501	36,580
<b>Total Equity</b>		<u>927,787</u>	<u>880,357</u>
<b>Non current liabilities</b>			
Payables		7,603	6,303
Post employment benefit obligations	B7		
- Removable pension liabilities		164,355	158,675
- others		41,988	48,080
Borrowings	B4	186,237	193,134
Deferred tax liabilities		9,545	9,510
		<u>409,728</u>	<u>415,702</u>
<b>Current liabilities</b>			
Payables		400,807	383,242
Post employment benefit obligations	B7		
- Removable pension liabilities		10,242	9,600
- others		9,466	1,202
Provisions		258	346
Borrowings	B4	320,701	231,539
Current tax liabilities		14,349	14,699
		<u>755,823</u>	<u>640,628</u>
<b>Total Liabilities</b>		1,165,551	1,056,330
<b>Total Equity and Liabilities</b>		<u><b>2,093,338</b></u>	<u><b>1,936,687</b></u>
Net assets per share attributable to owners of the parent (RM)		1.76	1.65

This Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 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 2011  
*The figures have not been audited.*

	Share Capital	Share premium (non distributable)	Currency translation (non distributable)	Available-for- sales reserve (non distributable)	Retained profits (distributable)	Treasury shares, at cost (distributable)	Equity attributable to owners 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
<b>Balance at 1 January 2011</b>	512,796	74,964	(63,423)	-	335,009	(15,569)	843,777	36,580	880,357
Total comprehensive income / (loss) for the financial period	-	-	45,282	-	22,593	-	67,875	(9,692)	58,183
Purchase of own shares	-	-	-	-	-	(226)	(226)	-	(226)
Dividends	-	-	-	-	(10,140)	-	(10,140)	(387)	(10,527)
<b>Balance at 30 June 2011</b>	<b>512,796</b>	<b>74,964</b>	<b>(18,141)</b>	<b>-</b>	<b>347,462</b>	<b>(15,795)</b>	<b>901,286</b>	<b>26,501</b>	<b>927,787</b>
<b>Balance at 1 January 2010</b>	343,169	59,869	(27,902)	-	218,583	(13,678)	580,041	23,095	603,136
- effects of adopting FRS 139	-	-	-	(892)	(127)	-	(1,019)	(5)	(1,024)
<b>As restated</b>	<b>343,169</b>	<b>59,869</b>	<b>(27,902)</b>	<b>(892)</b>	<b>218,456</b>	<b>(13,678)</b>	<b>579,022</b>	<b>23,090</b>	<b>602,112</b>
Total comprehensive (loss) / income for the financial period	-	-	(75,459)	1,793	136,100	-	62,434	(8,900)	53,534
Acquisition of subsidiaries	-	-	-	-	-	-	-	31,708	31,708
Acquisition of shares in an existing subsidiary	-	-	-	-	-	-	-	(13,728)	(13,728)
Rights Issue, net of share issue costs	169,627	15,095	-	-	-	-	184,722	-	184,722
Purchase of own shares	-	-	-	-	-	(1,824)	(1,824)	-	(1,824)
Dividends	-	-	-	-	(9,946)	-	(9,946)	790	(9,156)
<b>Balance at 30 June 2010</b>	<b>512,796</b>	<b>74,964</b>	<b>(103,361)</b>	<b>901</b>	<b>344,610</b>	<b>(15,502)</b>	<b>814,408</b>	<b>32,960</b>	<b>847,368</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 2010 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 30 June 2011**  
*The figures have not been audited.*

	Financial period ended	
	30/06/2011 RM' 000	30/06/2010 RM' 000
<b>Operating activities</b>		
Cash receipts from customers	976,084	771,293
Cash paid to suppliers and employees	(1,019,736)	(783,546)
	(43,652)	(12,253)
Interest received	289	744
Interest paid	(9,852)	(5,706)
Taxation paid	(9,378)	(6,831)
<b>Net cash used in operating activities</b>	(62,593)	(24,046)
<b>Investing activities</b>		
Acquisition of subsidiaries	-	(185,969)
Purchase of property, plant and equipment	(14,386)	(10,614)
Proceeds from disposal of property, plant and equipment	3,734	2,176
Purchase of intangible assets	(667)	(177)
Purchase of investments	-	(802)
Development expenses paid	(3,318)	(3,455)
Interest paid	(3,109)	(2,315)
Dividends received	5,153	-
<b>Net cash used in investing activities</b>	(12,593)	(201,156)
<b>Financing activities</b>		
Drawdown of bank borrowings	222,605	362,375
Repayments of bank borrowings	(150,376)	(231,407)
Hire purchase and finance lease principal payments	(579)	(733)
Rights issue, net of share issue costs	-	184,722
Purchase of own shares	(226)	(1,824)
Interest paid	-	(71)
<b>Net cash from financing activities</b>	71,424	313,062
<b>Net (decrease) / increase in cash and cash equivalents during the financial period</b>	(3,762)	87,860
<b>Currency translation</b>	97	(20,900)
<b>Cash and cash equivalents at beginning of financial period</b>	95,776	50,926
<b>Cash and cash equivalents at end of financial period</b>	<u>92,111</u>	<u>117,886</u>
<b>Cash and cash equivalents comprise :</b>		
Cash and bank balances	106,576	127,775
Bank overdrafts	(14,465)	(9,889)
	<u>92,111</u>	<u>117,886</u>

This Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 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 2011**

**A1. Basis of Preparation**

The quarterly interim financial report is unaudited and has been prepared in accordance with FRS 134 “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 2010.

**A2. Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2010, except for the adoption of the following:

<b>FRSs/Interpretations</b>	<b>Effective date</b>
FRS 1, First-time Adoption of Financial Reporting Standards (Revised)	1 July 2010
FRS 3, Business Combinations (Revised)	1 July 2010
FRS 127, Consolidated and Separate Financial Statements (Revised)	1 July 2010
Amendments to FRS 1, Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2, Share-based Payment	1 July 2010
Amendments to FRS 2, Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5, Non-current Assets Held For Sale and Discontinued Operations	1 July 2010
Amendments to FRS 7, Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues	1 March 2010
Amendments to FRS 138, Intangible Assets	1 July 2010
Improvements to FRSs (2010)	1 January 2011
IC Interpretation 4, Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 12, Service Concession Arrangements	1 July 2010
IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17, Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18, Transfers of Assets from Customers	1 January 2011
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives	1 July 2010

**A. Notes to the Interim Financial Report**  
**For the second quarter and financial period ended 30 June 2011**

**A2. Accounting Policies (cont'd)**

Adoptions of the above standards, amendments and interpretations do not have any material impact on the financial performance, position or presentation of financials of the Group, other than the disclosures under the Amendments to FRS 7 which will affect the 2011 annual financial statements.

**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 2010 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 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. The gift business of Herlitz AG ("Herlitz") generates better results towards the end of the year. Sales of Pelikan Hardcopy Holding AG ("PHH") group and Geha GmbH ("Geha") group 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. Due to seasonality, third quarter sales are currently the most significant.

**A5. 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 2011.

**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.

**A. Notes to the Interim Financial Report**  
**For the second quarter and financial period ended 30 June 2011**

**A7. Debt and Equity Securities**

The Company repurchased a total of 214,600 of its shares from the open market for a total consideration of RM225,569 during the 6 months financial period ended 30 June 2011. The Company repurchased a total of 214,500 of its shares from the open market for a total consideration of RM225,424 during the current quarter.

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.

Other than mentioned above, there were no other issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current quarter ended 30 June 2011.

**A8. Dividends**

No dividends have been paid during the current quarter ended 30 June 2011.

For the financial year ended 31 December 2010, the Board of Directors proposed a final single tier dividend\* of 2 sen per ordinary share of RM1 each. (2009: 2 sen per share single tier dividend\*) amounted to RM10,140,000. The final dividend had been approved by the shareholders at the Annual General Meeting held on 20 June 2011 and had been accounted for as an appropriation of retained earnings in the period in which it is approved. The dividend entitlement date and payment date are 17 August 2011 and 14 September 2011 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.



**A. Notes to the Interim Financial Report**  
**For the second quarter and financial period ended 30 June 2011**

**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
<b>6 months ended 30 June 2011</b>								
External revenue	592,307	64,550	28,690	142,813	93,913	43,553	-	965,826
Intersegment revenue	458,023	91,623	141	48,593	7,042	61,098	(666,520)	-
	<u>1,050,330</u>	<u>156,173</u>	<u>28,831</u>	<u>191,406</u>	<u>100,955</u>	<u>104,651</u>	<u>(666,520)</u>	<u>965,826</u>
Segment result	15,609	(1,498)	750	(9,635)	13,770	6,071	(9,959)	15,108
Unallocated income (net of cost)								<u>20,262</u>
Profit from operations								<u>35,370</u>
<b>3 months ended 30 June 2011</b>								
External revenue	308,962	33,872	16,300	74,237	48,957	22,748	-	505,076
Intersegment revenue	227,488	44,153	103	31,726	3,891	29,461	(336,822)	-
	<u>536,450</u>	<u>78,025</u>	<u>16,403</u>	<u>105,963</u>	<u>52,848</u>	<u>52,209</u>	<u>(336,822)</u>	<u>505,076</u>
Segment result	22,337	(3,167)	826	(6,430)	8,211	1,071	(3,778)	19,070
Unallocated income (net of cost)								<u>5,334</u>
Profit from operations								<u>24,404</u>

**A10. Valuation of Property, Plant and Equipment**

There were no valuations of property, plant and equipment during the current quarter ended 30 June 2011.

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

There were no changes in the composition of the Group during the current quarter ended 30 June 2011.

**A12. Events Subsequent to the End of the Reporting Period**

There is no event subsequent to the financial period ended 30 June 2011.

**A. Notes to the Interim Financial Report**  
**For the second quarter and financial period ended 30 June 2011**

**A13. Contingent Liabilities**

- (a) In the ordinary course of business, the business of PHH and Geha groups (dealing with manufacturing and distribution of hardcopy related products and printer consumables such as inkjet and toner cartridges, thermal transfer, office media and impact cartridges, hereinafter referred to as the “Hardcopy business”) is involved in several lawsuits. In particular, the Group has several large legal claims brought by Original Equipment Manufacturers (“OEM”) for perceived breach of patents with an assessed potential maximum exposure of EUR25.1 million (RM109.9 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 2010, the Company’s wholly owned subsidiary Pelikan Hardcopy Scotland Limited (“PHSL”)’s retirement fund has GBP21.1 million (RM102.9 million) assets to meet pension liabilities of GBP28.6 million (RM139.4 million). An amount of GBP1.3 million (RM6.4 million) has been recognised as a pension liability in the financial statements of PHSL as at 30 June 2011 in accordance with the FRS 119, Employee Benefits.

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	
	30/06/11	30/06/10	30/06/11	30/06/10
	RM'000	RM'000	RM'000	RM'000
Taxation charged in respect of current financial period				
- income tax	(4,399)	(5,517)	(8,142)	(7,596)
- deferred tax	(1,957)	(298)	(2,350)	(409)
	<u>(6,356)</u>	<u>(5,815)</u>	<u>(10,492)</u>	<u>(8,005)</u>

The Group's effective tax rate is higher than the statutory income tax rate in Malaysia mainly due to non-availability of group relief where subsidiaries with taxable profits cannot utilise the unutilised losses of other subsidiaries.

**B2. Unquoted investment and/or properties**

There was no purchase or disposal of unquoted investments or properties during the current quarter ended 30 June 2011.

**B3. Quoted securities**

There was no purchase or disposal of securities during the current quarter ended 30 June 2011.

**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 2011 are as set out below:

Currency	Short Term		Long Term		Total RM' 000
	Secured RM' 000	Unsecured RM' 000	Secured RM' 000	Unsecured RM' 000	
Ringgit Malaysia	54,877	15,128	2,211	-	72,216
Euro	83,575	10,594	41,325	-	135,494
Swiss Franc	128	-	7,757	-	7,885
US Dollar	128,965	-	124,156	-	253,121
Poland Zloty	33	-	-	-	33
Czech Koruna	96	-	162	-	258
Mexican Peso	1,363	18,077	6,816	-	26,256
Colombian Peso	3,562	4	1,693	-	5,259
Great Britain Pound	-	-	-	2,043	2,043
Hungarian Forint	-	3,547	-	-	3,547
Singapore Dollar	-	-	74	-	74
Japanese Yen	-	752	-	-	752
<b>Total</b>	<b>272,599</b>	<b>48,102</b>	<b>184,194</b>	<b>2,043</b>	<b>506,938</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.

	<b>Future minimum lease payments RM'000</b>
Not later than 1 year	20,349
Later than 1 year and not later than 5 years	23,834
Later than 5 years	4,376
	<u>48,559</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 Geha groups (dealing with manufacturing and distribution of hardcopy related products and printer consumables such as inkjet and toner cartridges, thermal transfer, office media and impact cartridges, hereinafter referred to as the "Hardcopy business") is involved in several lawsuits. In particular, the Group has several large legal claims brought by Original Equipment Manufacturers ("OEM") for perceived breach of patents with an assessed potential maximum exposure of EUR25.1 million (RM109.9 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.

**B7. Post employment benefit obligation**

	<b>RM'000</b>
Payable within 12 months	19,708
Payable after 12 months	206,343
	<u>226,051</u>
<b>Removable Pension Liabilities:</b>	
Liabilities assumed by Pension Trust Fund	109,510
Liabilities assumed by the Company	65,087
	174,597
Other pension liabilities of the Group	51,454
	<u>226,051</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 30 June 2011 were as follows:

	<b>RM'000</b>
Authorised and contracted:	
Property, plant and equipment	<u>364</u>

**B9. Review of Performance**

The Group's revenue for the current financial quarter improved to RM505.1 million from RM492.1 million for the corresponding quarter last year despite the weakening of the Group's major trade currencies such as Euro and United States Dollar ("USD") against Ringgit Malaysia ("RM"). Higher input costs of raw materials which takes time to be passed to customers causing slight decrease in margin. The profit before tax for the current quarter was RM19.3 million compared to profit before tax of RM27.8 million for the corresponding quarter last year mainly due to higher of raw materials costs and additional operational restructuring expenses. The profit for the first 6 months last year included the negative goodwill and provision for related expenses recognised in connection to the acquisition of Herlitz AG and related assets. In addition, there were still some expenses incurred in 2011 due to the integration of the logistics and distribution of Germany in Falkensee and other merger projects.

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

In the current quarter, the Group's revenue increased to RM505.1 million compared to RM460.8 million in the preceding quarter mainly due to stronger sales from the "back to school" season in the European markets. The profit before tax of RM19.3 million as compared to RM6.8 million profit before tax of preceding quarter was due to higher sales volume.

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

**B11. Prospects**

Third quarter sales will continue to be significant and after the end of the “back to school” season in the European markets, the Group expects lower turnover in the remaining months of this year which will be cushioned by the gift business of Herlitz group which generates better volume towards the end of the year. With the continuous concentration on cost controls and margins maintenance, the Group started the project of transferring some production operations from Switzerland to Malaysia in the current quarter. Additional cost savings projects on entity standalone basis as well as merger projects on both combined Pelikan and Herlitz groups have been defined. Barring any unforeseen circumstances, the Group expects better turnover and margins after all these projects are complete.

**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**

		3 months ended		Financial period ended	
		30/06/11	30/06/10	30/06/11	30/06/10
Profit for the financial period attributable to equity holders of the parent	(RM'000)	15,384	24,691	22,593	136,100
Weighted average number of ordinary shares in issue	('000)	512,796	512,796	512,796	470,389
Notional bonus shares in rights issue	('000)	-	30,476	-	22,857
Shares repurchased	('000)	(5,669)	(4,675)	(5,625)	(4,295)
		<u>507,127</u>	<u>538,597</u>	<u>507,171</u>	<u>488,951</u>
Earnings per share	(sen)	3.03	4.58	4.45	27.84

**B15. Realised and Unrealised Profits/Losses Disclosure**

	As at 30/06/11 RM'000	As at 31/03/11 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised profit	334,785	348,481
- Unrealised profit / (loss)	7,497	(22,191)
	<u>342,282</u>	<u>326,290</u>
Total share of accumulated losses from associates:		
- Realised loss	(1,643)	(1,693)
- Unrealised profit	1	37
	<u>(1,642)</u>	<u>(1,656)</u>
Add : Consolidation adjustments	6,822	17,584
Total retained profits as per Statement of Financial Position	<u>347,462</u>	<u>342,218</u>

*Note: As per Bursa Malaysia Securities Berhad's directive dated 20 December 2010, prior year comparatives are not required in the first year of complying with the Realised and Unrealised Profits/Losses Disclosure.*