

Company No. 63611 - U

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

**INTERIM FINANCIAL REPORT**

**31 March 2012**

**PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Interim report for the financial period ended 31 March 2012**  
*The figures have not been audited.*

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial period ended	
		31.03.2012 RM' 000	31.03.2011 RM' 000 Restated	31.03.2012 RM' 000	31.03.2011 RM' 000 Restated
Revenue		417,523	460,750	417,523	460,750
Other operating income		27,871	14,468	41,596	14,468
Expenses excluding finance cost and tax		(431,188)	(466,777)	(444,913)	(466,777)
Finance cost		(5,559)	(5,216)	(5,559)	(5,216)
Share of results of associates after tax		-	1,075	-	1,075
Profit before taxation		8,647	4,300	8,647	4,300
Taxation	B1	(2,989)	(4,136)	(2,989)	(4,136)
Profit for the financial period		5,658	164	5,658	164
Other comprehensive income:					
Exchange differences on translation of foreign operations		617	13,953	617	13,953
Total other comprehensive income		617	13,953	617	13,953
Total comprehensive income for the financial period		6,275	14,117	6,275	14,117
Total profit attributable to:					
Owners of the parent		5,509	4,684	5,509	4,684
Non-controlling interests		149	(4,520)	149	(4,520)
		5,658	164	5,658	164
Total comprehensive income attributable to:					
Owners of the parent		6,275	19,150	6,275	19,150
Non-controlling interests		(0)	(5,033)	(0)	(5,033)
		6,275	14,117	6,275	14,117
Earnings per share attributable to equity holders of the parent (sen)	B11	sen 1.09	sen 0.92	sen 1.09	sen 0.92

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 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 2012  
*The figures have not been audited.*

	Note	31.03.2012 RM'000	Audited 31.12.2011 RM'000	Restated 31/03/2011 RM'000
<b>ASSETS</b>				
<b>Non current assets</b>				
Property, plant and equipment		516,749	559,637	614,742
Trademarks		14,897	15,017	15,585
Development costs		23,683	23,430	25,548
Goodwill		108,268	109,039	111,129
Computer software licence		2,050	2,268	3,545
Investment in associates		-	-	37,798
Available-for-sale financial assets		3,033	2,985	3,114
Pension Trust Fund		149,695	152,048	157,782
Deferred tax assets		34,811	35,333	28,116
		<u>853,186</u>	<u>899,757</u>	<u>997,359</u>
<b>Current assets</b>				
Inventories		361,647	370,272	431,673
Receivables, deposits & prepayments		316,531	406,430	400,502
Tax recoverable		3,528	1,780	3,551
Pension Trust Fund		19,448	19,448	21,335
Deposits, cash and bank balances		189,162	100,808	92,841
		<u>890,316</u>	<u>898,738</u>	<u>949,902</u>
<b>Total Assets</b>		<u><b>1,743,502</b></u>	<u><b>1,798,495</b></u>	<u><b>1,947,261</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital		512,796	512,796	512,796
Share premium		74,964	74,964	74,964
Currency translation		(60,297)	(61,063)	(48,957)
Retained profits		209,697	204,188	307,435
Treasury shares, at cost		(20,329)	(16,751)	(15,569)
		<u>716,831</u>	<u>714,134</u>	<u>830,669</u>
<b>Non-controlling interests</b>		22,159	22,378	31,166
<b>Total Equity</b>		<u><b>738,990</b></u>	<u><b>736,512</b></u>	<u><b>861,835</b></u>
<b>Non current liabilities</b>				
Payables		6,021	-	6,649
Post employment benefit obligations	B4			
- Removable pension liabilities		147,704	151,548	162,959
- others		34,974	33,547	40,504
Borrowings	B2	105,986	107,827	185,871
Deferred tax liabilities		38,168	38,006	9,514
		<u>332,853</u>	<u>330,928</u>	<u>405,497</u>
<b>Current liabilities</b>				
Payables		307,761	339,559	375,811
Post employment benefit obligations	B4			
- Removable pension liabilities		9,576	9,582	10,006
- others		9,674	11,213	9,209
Provisions		172	189	295
Derivative liabilities	B13	3,736	3,280	-
Borrowings	B2	327,688	350,920	269,772
Current tax liabilities		13,052	16,312	14,836
		<u>671,659</u>	<u>731,055</u>	<u>679,929</u>
<b>Total Liabilities</b>		<u><b>1,004,512</b></u>	<u><b>1,061,983</b></u>	<u><b>1,085,426</b></u>
<b>Total Equity and Liabilities</b>		<u><b>1,743,502</b></u>	<u><b>1,798,495</b></u>	<u><b>1,947,261</b></u>
<b>Net assets per share attributable to owners of the parent (RM)</b>		1.40	1.39	1.62

This Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 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 2012

*The figures have not been audited.*

	Share Capital	Share premium (non distributable)	Currency translation (non distributable)	Retained profits (distributable)	Treasury shares, at cost	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
<b>Balance at 1 January 2012</b>	512,796	74,964	(61,063)	204,188	(16,751)	714,134	22,378	736,512
Total comprehensive income / (loss) for the financial period	-	-	766	5,509	-	6,275	(1)	6,274
Purchase of own shares	-	-	-	-	(3,578)	(3,578)	-	(3,578)
Dividends	-	-	-	-	-	-	(218)	(218)
<b>Balance at 31 March 2012</b>	<b>512,796</b>	<b>74,964</b>	<b>(60,297)</b>	<b>209,697</b>	<b>(20,329)</b>	<b>716,831</b>	<b>22,159</b>	<b>738,990</b>
<b>Balance at 1 January 2011</b>	512,796	74,964	(63,423)	335,009	(15,569)	843,777	36,580	880,357
- Prior year adjustment	-	-	-	(32,258)	-	(32,258)	-	(32,258)
<b>As restated</b>	<b>512,796</b>	<b>74,964</b>	<b>(63,423)</b>	<b>302,751</b>	<b>(15,569)</b>	<b>811,519</b>	<b>36,580</b>	<b>848,099</b>
Total comprehensive income/ (loss) for the financial period	-	-	14,466	4,684	-	19,150	(5,033)	14,117
Purchase of own shares	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(381)	(381)
<b>Balance at 31 March 2011</b>	<b>512,796</b>	<b>74,964</b>	<b>(48,957)</b>	<b>307,435</b>	<b>(15,569)</b>	<b>830,669</b>	<b>31,166</b>	<b>861,835</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 2011 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 2012  
*The figures have not been audited.*

	Financial period ended	
	31.03.2012 RM' 000	31.03.2011 RM' 000
<b>Operating activities</b>		
Cash receipts from customers	462,509	486,721
Cash paid to suppliers and employees	(405,178)	(504,783)
	57,331	(18,062)
Interest received	452	48
Interest paid	(3,482)	(5,431)
Taxation paid	(7,514)	(4,060)
<b>Net cash from/(used in) operating activities</b>	<b>46,787</b>	<b>(27,505)</b>
<b>Investing activities</b>		
Disposal of subsidiaries, net of cash and bank balances disposed of	75,334	-
Purchase of property, plant and equipment	(7,024)	(7,146)
Proceeds from disposal of property, plant and equipment	590	2,817
Purchase of intangible assets	(101)	(263)
Development expenses paid	(1,432)	(1,530)
Interest paid	(2,056)	(980)
<b>Net cash from/(used in) investing activities</b>	<b>65,311</b>	<b>(7,102)</b>
<b>Financing activities</b>		
Drawdown of bank borrowings	149,002	113,377
Repayments of bank borrowings	(161,042)	(86,735)
Hire purchase and finance lease principal payments	(174)	(340)
Purchase of own shares	(3,578)	-
<b>Net cash (used in)/from financing activities</b>	<b>(15,792)</b>	<b>26,302</b>
<b>Net increase/(decrease) in cash and cash equivalents during the financial period</b>	<b>96,306</b>	<b>(8,305)</b>
<b>Currency translation</b>	<b>(6,399)</b>	<b>(7,833)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>94,990</b>	<b>95,776</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>184,897</b>	<b>79,638</b>
<b>Cash and cash equivalents comprise :</b>		
Cash and bank balances	189,162	92,841
Bank overdrafts	(4,265)	(13,203)
	<b>184,897</b>	<b>79,638</b>

This Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 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 2012**

**A1. Basis of Preparation**

This interim financial report is based on the unaudited financial statements for the quarter ended 31 March 2012 and has been prepared in accordance with applicable disclosure provisions of paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS134, *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group as at end of the financial year ended 31 December 2011.

The accounting policies and methods of computation adopted by the Group in its interim financial report are in consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2011.

The Group has adopted the Malaysian Financial Reporting Standard (MFRS) framework and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards for the first time in these condensed interim financial statements. The transition to MFRS framework does not have any material financial impact to the financial statements of the Group.

**A2. Prior Year Adjustment**

In 2011, the Group changed the basis of measurement of the Pension Trust Fund to reflect the recovery of its carrying amount.

The adjustments to the carrying amount of the Pension Trust Fund arising from this change in measurement basis have been effected retrospectively resulting in the comparative figures and opening retained profits of the Group being restated.

The following comparative figures have been restated accordingly:

<b>Consolidated Statement of Changes in Equity for the financial year/period ended</b>	<b>As previously stated RM'000</b>	<b>Effect of prior year adjustment RM'000</b>	<b>As restated RM'000</b>
<b>As at 1 January 2011</b>			
Balance as at 1 January 2011	880,357	(32,258)	848,099
<b>31 March 2011</b>			
Total Comprehensive income	16,642	(2,525)	14,117
Balance as at 31 March 2011	896,618	(34,783)	861,835

**A. Notes to the Interim Financial Report  
For the first quarter and financial period ended 31 March 2012**

**A2. Prior Year Adjustment (cont'd)**

The following comparative figures have been restated accordingly:

Consolidated Statement of Comprehensive income for the financial period ended	As previously stated RM'000	Effect of prior year adjustment RM'000	As restated RM'000
<b>31 March 2011</b>			
Other operating income	16,993	(2,525)	14,468
Profit for the financial period	<u>2,689</u>	<u>(2,525)</u>	<u>164</u>

**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 2011 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 the Group's printer consumable products such as inkjet and toner cartridges, thermal transfer, office media and impact cartridges, are generally not influenced by seasonal fluctuation.

**A. Notes to the Interim Financial Report**  
**For the first quarter and financial period ended 31 March 2012**

**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 31 March 2012.

**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 except as disclosed in Note A2.

**A7. Debt and Equity Securities**

The Company repurchased a total of 4,298,000 of its shares from the open market for a total consideration of RM3,578,175 during the current quarter. Subsequent to the current quarter, a total of 192,000 ordinary shares were repurchased from the open market for a total consideration of RM156,175.

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 31 March 2012.

**A8. Dividends**

No dividends have been paid during the current quarter ended 31 March 2012.



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

**A. Notes to the Interim Financial Report**  
**For the first quarter and financial period ended 31 March 2012**

**A9. Segment Information**

	Germany RM'000	Switzerland RM'000	Italy RM'000	Rest of Europe RM'000	Americas RM'000	Rest of world RM'000	Elimination RM'000	Group RM'000
<b>31 March 2012</b>								
External revenue	245,210	28,474	9,745	63,604	53,735	16,755	-	417,523
Intersegment revenue	298,581	23,248	32	18,187	3,000	28,804	(371,852)	-
	<u>543,791</u>	<u>51,722</u>	<u>9,777</u>	<u>81,791</u>	<u>56,735</u>	<u>45,559</u>	<u>(371,852)</u>	<u>417,523</u>
Segment result	8,338	(2,215)	(336)	(3,546)	6,959	8,709	(3,703)	14,206

**Germany**

The German market which represents 58.7% of the Group's revenue in the first quarter, is still the weak quarter for the traditional business in school. Sales for the printer consumable segment continue to be challenging for the first quarter. For the first financial quarter, German segment recorded a segment result of RM8.3 million.

**Switzerland**

The Swiss market generated lower revenue as compared to corresponding quarter due mainly to lower sales in private label business. This had resulted in a segment loss of RM2.2 million for the current quarter.

**Italy**

The Italian market still suffered from the slow economy, which resulted in lower sales by 18.3% (in Euro terms), as compared to corresponding quarter. The segment loss, as a consequence, was higher than the corresponding quarter.

**A. Notes to the Interim Financial Report**  
**For the first quarter and financial period ended 31 March 2012**

**A9. Segment Information (cont'd)**

**Rest of Europe**

The contribution in revenue from all other European countries, except Germany, Switzerland and Italy, represents 15.2% of the Group's total revenue. Overall the segment has achieved a segment loss of RM3.6 million for the current quarter, mainly resulting from the Eastern European market.

**Americas**

Americas which represents Mexico, Colombia and Argentina, achieved an increase in revenue of 17.9% as compared to the corresponding quarter. The increase is mainly attributable to the positive development of the market and also price adjustments for the products. This had resulted in an improvement for the segment results by 25% as compared to the corresponding quarter.

**Rest of the World**

Rest of the world which comprise 4% of the Group's revenue consist mainly countries such as Japan, South East Asia and Middle East. These markets are relatively stable and growing albeit its small percentage over the total sales of the Group. In addition, during the current quarter, the Company had recognised a foreign exchange gain of RM7 million from swapping of its USD loan to MYR loan.

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

There were no valuations of property, plant and equipment during the current quarter ended 31 March 2012.

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

On 29 March 2012, the Group disposed of the following indirect subsidiaries to certain third parties for a total consideration of EUR22,229,000 (RM90,774,344):

- 650,000 ordinary shares of EUR1.00 each in Falken Office Products GmbH ("FOP") representing 100% of the equity interest in FOP.
- 1,681,835 ordinary shares of GBP1.00 each in Herlitz UK Limited ("Herlitz UK") representing 100% of the equity interest in Herlitz UK.
- 1,000 ordinary shares of RON10.00 each in DELMET PROD srl ("Delmet") representing 100% of the equity interest in Delmet.

The transaction was completed on 30 March 2012 and these companies ceased to be subsidiaries of the Group as of that date.

**A. Notes to the Interim Financial Report**  
**For the first quarter and financial period ended 31 March 2012**

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

There is no event subsequent to the financial period ended 31 March 2012.

**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 EUR17.2 million (RM70.1 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 2011, the Company's wholly owned subsidiary Pelikan Hardcopy Scotland Limited ("PHSL")'s retirement fund has GBP21.5 million (RM105.0 million) assets to meet pension liabilities of GBP30.4 million (RM148.4 million). An amount of GBP1.0 million (RM4.9 million) has been recognised as a pension liability in the financial statements of PHSL as at 31 March 2012 in accordance with the MFRS 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	
	31/03/12	31/03/11	31/03/12	31/03/11
	RM'000	RM'000	RM'000	RM'000
Taxation charged in respect of current financial period				
- income tax	(2,594)	(3,743)	(2,594)	(3,743)
- deferred tax	(395)	(393)	(395)	(393)
	<u>(2,989)</u>	<u>(4,136)</u>	<u>(2,989)</u>	<u>(4,136)</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. Borrowings**

Details of the Group's borrowings as at 31 March 2012 are as set out below:

Currency	Short Term		Long Term		Total
	Secured	Unsecured	Secured	Unsecured	
	RM'000	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	72,824	18,847	84,588	-	176,259
Euro	63,733	10,532	2,118	-	76,383
Swiss Franc	78	-	5,445	-	5,523
US Dollar	58,479	87,405	8,002	-	153,886
Argentine Peso	1,375	-	-	-	1,375
Poland Zloty	21	-	-	-	21
Czech Koruna	68	257	99	-	424
Mexican Peso	-	11,593	-	3,803	15,396
Colombian Peso	-	1,720	-	-	1,720
Great Britain Pound	-	-	-	1,894	1,894
Japanese Yen	-	744	-	-	744
Singapore Dollar	12	-	37	-	49
Total	<u>196,590</u>	<u>131,098</u>	<u>100,289</u>	<u>5,697</u>	<u>433,674</u>

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

**B3. 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 EUR17.2 million (RM70.1 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.

**B4. Post employment benefit obligation**

	<b>RM'000</b>
Payable within 12 months	19,250
Payable after 12 months	<u>182,678</u>
	<u>201,928</u>
<b>Removable Pension Liabilities:</b>	
Liabilities assumed by Pension Trust Fund	<u>92,193</u>
Liabilities assumed by the Company	<u>65,087</u>
	157,280
Other pension liabilities of the Group	<u>44,648</u>
	<u>201,928</u>

Pursuant to the acquisitions of Pelikan Holding AG group ("PHAG group") in 2005, part of the defined benefits retirement plans of the PHAG group in Germany (known as "Removable Pension Liabilities") is now funded 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 of PHAG group. 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**

**B5. Capital commitments**

Capital commitments not provided in the financial statements as at 31 March 2012 were as follows:

	<b>RM'000</b>
Authorised and contracted:	
Property, plant and equipment	<u>1,205</u>

**B6. Review of Performance**

The Group's revenue for the current financial quarter was RM417.5 million compared to RM460.8 million for the corresponding quarter last year. The Group has continued to streamline its products and eliminate non-profitable business segments/products from its products assortment, resulting in lower revenue especially in the printer consumable segment. The lower translation rate in EURO has also partly contributed to the lower sales in the current quarter.

The Group achieved a profit before tax of RM8.6 million for the financial quarter after taking into consideration the gains on disposal of 3 of its subsidiary units in Europe and certain disposal costs and restructuring costs related to these disposals and the overall restructuring expenses in its European operating units.

**B7. Variation of results against preceding quarter**

In the current quarter, the Group's revenue decreased to RM417.5 million compared to RM430.0 million in the preceding quarter. The first quarter is normally a weak quarter for the Group's revenue. Besides that, the Euro exchange rate in the current quarter was also lower by 5.3% as opposed to the preceding quarter.

The Group recorded a profit before tax RM8.6 million as compared to a loss before tax of RM75.2 million in preceding quarter.

**B8. Prospects**

The Group anticipates a challenging quarters ahead especially in the European market which is its main market. Nevertheless, the Group has embarked on counter measures to restructure its operations to cushion any further negative development of the market. Besides this, the Group will continue its efforts in developing its markets outside Europe especially in regions such as Latin America and Asia which has good growth prospects. Going forward, the Group expects to change certain operating structures of the production, sales and distribution units to cater to the volume of business, structural changes to the distribution market and its customers.

In addition, the Group will step up efforts in product development to introduce more new products to the market over the next few years to capture market shares. Barring any unforeseen circumstances, the Group expects that its operating cost structure to be much leaner and will be able to support any future sales growth and achieve better net margins.

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

**B9. Dividend**

The Board of Directors proposed a final share dividend on the basis of one (1) treasury share for every fifty (50) existing ordinary shares of RM1 each held in the Company, fractions of treasury shares to be disregarded ("Share Dividend") in respect of the financial year ended 31 December 2011.

In addition to Share Dividend, the Board of Directors also proposed a final single tier dividend, of one (1.0) sen per ordinary share of RM1.00 each ("Cash Dividend") in respect of financial year ended 31 December 2011.

Both proposed Share Dividend and Cash Dividend are subject to approval of shareholder the approval by the shareholders at the forthcoming Annual General Meeting. The dates for the entitlement and crediting of the final Share Dividend will be announced later after the shareholders' approval.

**B10. Variance on Profit Forecast / Shortfall in Profit Guarantee**

Not applicable.

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

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

**B11. Earnings per share**

		3 months ended		Financial period ended	
		31/03/12	31/03/11	31/03/12	31/03/11
			Restated		Restated
Profit for the financial period attributable to equity holders of the parent	(RM'000)	<u>5,509</u>	<u>4,684</u>	<u>5,509</u>	<u>4,684</u>
Weighted average number of ordinary shares in issue	('000)	512,796	512,796	512,796	512,796
Shares repurchased	('000)	<u>(7,651)</u>	<u>(5,582)</u>	<u>(7,651)</u>	<u>(5,582)</u>
		<u>505,145</u>	<u>507,214</u>	<u>505,145</u>	<u>507,214</u>
(Loss) / earnings per share	(sen)	1.09	0.92	1.09	0.92

**B12. Additional notes to the Statement of Comprehensive Income**

		3 months ended		Financial period ended	
		31/03/12	31/03/11	31/03/12	31/03/11
		RM'000	RM'000	RM'000	RM'000
(Loss) / profit for the period is arrived at after charging / (crediting):					
Interest income		(452)	(48)	(452)	(48)
Interest expense		5,559	5,216	5,559	5,216
Depreciation and amortization		13,650	15,452	13,650	15,452
Provision for and write off of					
- receivable		443	291	443	291
- inventories		804	519	804	519
(Gain)/ loss on disposal of					
- Property, plant and equipment		(173)	(369)	(173)	(369)
- Investments		(15,000)	-	(15,000)	-
Foreign exchange gain		(6,098)	(10,153)	(6,098)	(10,153)



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

**B13. Derivative Liabilities**

	<b>Contract/ Notional amount EUR'000</b>	<b>Liabilities RM'000</b>
Interest rate swap	<u>10,000</u>	<u>3,736</u>

The Group has entered into interest rate swap contract with a total of EUR10 million resulting in an exchange of floating for fixed interest rates from fiscal year 2012 to hedge exposure to movements in interest rate on a financing transaction. For a period of 5 years, the variable interest rate is exchanged on the basis of the 3-month Euribor interest at 3.15%. The fair value of interest rate swap contracts is determined by reference to market values of similar instruments.

**B14. Realised and Unrealised Profits/Losses Disclosure**

	<b>As at 31/03/12 RM'000</b>	<b>As at 31/12/11 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised profit	222,505	214,381
- Unrealised loss	(11,471)	(9,304)
	211,034	205,077
Total share of accumulated losses from associates:		
- Realised loss	(300)	(349)
- Unrealised profit	-	49
	(300)	(300)
Add : Consolidation adjustments	(1,037)	(589)
Total retained profits as per Statement of Financial Position	<u>209,697</u>	<u>204,188</u>