Company No. 63611 - U

PELIKAN INTERNATIONAL CORPORATION BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

30 June 2012

PELIKAN INTERNATIONAL CORPORATION BERHAD (63611-U)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Interim report for the financial period ended 30 June 2012
The figures have not been audited.

	Note	Individual Quarter 3 months ended		Cumulative Quarter Financial period ended	
		30/06/2012 RM'000	Restated 30/06/2011 RM'000	30/06/2012 RM'000	Restated 30/06/2011 RM'000
Revenue		427,720	505,076	845,243	965,826
Other operating income		6,056	3,599	33,927	18,067
Expenses excluding finance cost and tax		(425,646)	(486,843)	(856,834)	(953,620)
Finance cost		(8,011)	(6,556)	(13,570)	(11,772)
Share of results of associates after tax		-	1,477	-	2,552
Profit before taxation		119	16,753	8,766	21,053
Taxation	B1	(6,262)	(6,356)	(9,251)	(10,492)
(Loss)/Profit for the financial period		(6,143)	10,397	(485)	10,561
Other comprehensive (loss)/income:					
Exchange differences on translation of foreign operations		(10,499)	28,572	(9,882)	42,525
Total comprehensive (loss)/income for the financial period		(16,642)	38,969	(10,367)	53,086
Total (loss)/profit attributable to:					
Owners of the parent		(2,452)	12,812	3,057	17,496
Minority Interest		(3,691)	(2,415)	(3,542)	(6,935)
		(6,143)	10,397	(485)	10,561
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(12,525)	43,628	(6,250)	62,778
Minority Interest		(4,117)	(4,659)	(4,117)	(9,692)
		(16,642)	38,969	(10,367)	53,086
		sen	sen	sen	sen
(Loss)/earning per share attributable to equity holders of the parent	B11	(0.49)	2.53	0.61	3.45

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 30 June 2012
The figures have not been audited.

	Note	30/06/2012 RM'000	Audited 31/12/2011 RM'000	Restated 30/06/2011 RM'000
ASSETS				
Non current assets				
Property, plant and equipment		485,502	559,637	623,859
Trademarks		14,529	15,017	15,983
Development costs		20,495	23,430	27,809
Goodwill		107,324	109,039	110,927
Computer software licence		1,508	2,268	3,383
Investment in associates		-	-	35,370
Available-for-sale financial assets		2,915	2,985	3,227
Pension Trust Fund		147,417	152,048	155,210
Deferred tax assets		34,639	35,333	27,754
		814,329	899,757	1,003,522
Current assets				
Inventories		356,661	370,272	489,313
Receivables, deposits & prepayments		479,451	406,430	432,691
Tax recoverable		2,625	1,780	2,546
Pension Trust Fund		19,448	19,448	21,335
Deposits, cash and bank balances		100,604	100,808	106,576
		958,789	898,738	1,052,461
Total Assets		1,773,118	1,798,495	2,055,983
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital		512,796	512,796	512,796
Share premium		57,520	74,964	74,964
Currency translation		(70,370)	(61,063)	(18,141)
Retained profits		202,237	204,188	310,107
Treasury shares, at cost		(3,083)	(16,751)	(15,795)
		699,100	714,134	863,931
Minority interest		17,997	22,378	26,501
Total Equity		717,097	736,512	890,432
Non current liabilities				
Payables		5,259	-	7,603
Post employment benefit obligations	B4			
- Removable pension liabilities		141,586	151,548	164,355
- others		34,742	33,547	41,988
Borrowings	B2	101,305	107,827	186,237
Deferred tax liabilities		38,166	38,006	9,545
		321,058	330,928	409,728
Current liabilities				
Payables		322,419	339,559	400,807
Post employment benefit obligations	B4			
- Removable pension liabilities		9,322	9,582	10,242
- others		9,031	11,213	9,466
Provisions		88	189	258
Derivative liabilities		4,118	3,280	
Borrowings	B2	377,560	350,920	320,701
Current tax liabilities		12,425	16,312	14,349
		734,963	731,055	755,823
Total Liabilities		1,056,021	1,061,983	1,165,551
Total Equity and Liabilities		1,773,118	1,798,495	2,055,983
Net assets per share attributable to owners of the parent (RM)		1.36	1.39	1.68

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 30 June 2012
The figures have not been audited.

	Share Capital	Share premium (non distributable)	Currency translation (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
Balance at 1 January 2012	512,796	74,964	(61,063)	204,188	(16,751)	714,134	22,378	736,512
Total comprehensive (loss)/income for the financial period	-	-	(9,307)	3,057	-	(6,250)	(4,117)	(10,367)
Purchase of own shares	-	-	-	-	(3,776)	(3,776)	-	(3,776)
Dividends	-	(17,444)	-	(5,008)	17,444	(5,008)	(264)	(5,272)
Balance at 30 June 2012	512,796	57,520	(70,370)	202,237	(3,083)	699,100	17,997	717,097
Balance at 1 January 2011	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)
As restated	512,796	74,964	(63,423)	302,751	(15,569)	811,519	36,580	848,099
Total comprehensive income/(loss) for the financial period	-	-	45,282	17,496	-	62,778	(9,692)	53,086
Purchase of own shares	-	-	-	-	(226)	(226)	-	(226)
Dividends	-	-	-	(10,140)	-	(10,140)	(387)	(10,527)
Balance at 30 June 2011	512,796	74,964	(18,141)	310,107	(15,795)	863,931	26,501	890,432

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 30 June 2012
The figures have not been audited.

	Financial period ended	
	30/06/2012	30/06/2011
	RM' 000	RM' 000
Operating activities		
Cash receipts from customers	732,114	976,084
Cash paid to suppliers and employees	(784,691)	(1,019,736)
	(52,577)	(43,652)
Interest received	644	289
Interest paid	(7,223)	(9,852)
Taxation paid	(12,836)	(9,378)
Net cash used in operating activities	(71,992)	(62,593)
Investing activities		
Disposal of subsidiaries, net of cash and bank balances disposed of	75,334	-
Purchase of property, plant and equipment	(11,292)	(14,386)
Proceeds from disposal of property, plant and equipment	953	3,734
Purchase of intangible assets	(173)	(667)
Development expenses paid	(1,237)	(3,318)
Interest paid	(5,816)	(3,109)
Dividends received	-	5,153
Net cash from/(used in) investing activities	57,769	(12,593)
Financing activities		
Drawdown of bank borrowings	241,317	222,605
Repayments of bank borrowings	(218,654)	(150,376)
Hire purchase and finance lease principal payments	(331)	(579)
Purchase of own shares	13,668	(226)
Net cash from/(used) in financing activities	36,000	71,424
Net increase/(decrease) in cash and cash equivalents during the financial period	21,777	(3,762)
Currency translation	(25,093)	97
Cash and cash equivalents at beginning of financial period	94,990	95,776
Cash and cash equivalents at end of financial period	91,674	92,111
Cash and cash equivalents comprise :		
Cash and bank balances	100,604	106,576
Bank overdrafts	(8,930)	(14,465)
	91,674	92,111

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 2012

A1. Basis of Preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 30 June 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 date of transition to the MFRS framework is 1 January 2011.

As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing the Condensed Report are consistent with those of the audited financial statements for the year ended 31 December 2011.

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:

Condensed Consolidated Statement of Changes in Equity for the financial period ended	**As previously stated RM'000**	**Effect of prior year adjustment RM'000**	**As restated RM'000**
1 January 2011			
Balance as at 1 January 2011	880,357	(32,258)	848,099

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2012

A2. Prior Year Adjustment (cont'd)

The following comparative figures have been restated accordingly:

Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 June 2011	As previously stated RM'000	Effect of prior year adjustment RM'000	As restated RM'000
Total comprehensive income	58,183	(5,097)	53,086
Balance as at 30 June 2011	927,787	(37,355)	890,432

Condensed Consolidated Statement of Comprehensive income for the financial period ended 30 June 2011	As previously stated RM'000	Effect of prior year adjustment RM'000	As restated RM'000
Other operating income	23,164	(5,097)	18,067
Profit for the financial period	15,658	(5,097)	10,561

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 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. The business of Herlitz AG ("Herlitz") generates better results towards the second half 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 second quarter and financial period ended 30 June 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 30 June 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 4,545,100 of its shares from the open market for a total consideration of RM3,776,634 during the 6 months financial period ended 30 June 2012. The Company repurchased a total of 247,100 of its share from the open market for total consideration of RM198,459 during current quarter. Subsequent to the current quarter, a total of 379,500 ordinary shares were repurchased from the open market for a total consideration of RM301,177.

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 2012.

A8. Dividends

No dividends have been paid during the current quarter ended 30 June 2012.

For the financial year ended 31 December 2011, 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"). Total number of treasury shares to be paid in the Share Dividend is 10.0 million treasury shares.

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2012

A8. Dividends (cont'd)

In additional 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, which amounts to RM5.0 million

Both proposed Share Dividend and Cash Dividend which had been accounted for as an appropriation of share premium and retained earnings had been approved by the shareholders at the Annual General Meeting held on 26 June 2012. The final dividends entitlement date and payment dates are 27 August 2012 and 24 September 2012 respectively.

*single tier dividend is non- tax deductable under Section 108 of Income Tax Act 1967 and is exempt from Income Tax in the hand of shareholders pursuant to paragraph 12B of Schedule 6 of the said Act.

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
6 months ended 30 June 2012								
External revenue	503,803	55,349	23,661	125,754	103,425	33,251	-	845,243
Intersegment revenue	476,341	41,689	197	31,059	5,698	63,951	(618,935)	-
	980,144	97,038	23,858	156,813	109,123	97,202	(618,935)	845,243
Segment result	10,034	(5,031)	72	(7,896)	16,356	8,103	698	22,336
3 months ended 30 June 2012								
External revenue	258,593	26,875	13,916	62,150	49,690	16,496	-	427,720
Intersegment revenue	177,760	18,441	165	12,872	2,698	35,147	(247,083)	-
	436,353	45,316	14,081	75,022	52,388	51,643	(247,083)	427,720
Segment result	1,697	(2,816)	408	(4,350)	9,397	(606)	4,400	8,130

Germany

The German market, which represents 60.5% of the Group's revenue, is in a strong quarter for the school products due to the "back to school" season. However, the total sales in this segment is lower than corresponding quarter in previous financial year mainly due to weakened foreign exchange rate in Euro, which resulted in lower translated sales in the current quarter. The Euro exchange rate against Ringgit Malaysia had weakened by 6.2% as compared to corresponding quarter in previous financial year. In addition, the challenging sales and changes to sales channels for the printer consumable segment continue to be one of the factors contributing to lower sales in current quarter.

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2012

A9. Segment Information (cont'd)

Switzerland

The Swiss market concentrated mainly in printer consumables business, generated lower revenue as compared to corresponding quarter due to lower sales in the private label business. This had resulted in a loss of RM2.8 million for this segment for the current quarter.

Italy

This segment generated lower sales as compared to the corresponding quarter due to the weakened Euro currency exchange against Ringgit Malaysia, and the Italian market is still suffering from the slowdown in its economy. The segment results, as a consequence, was lower than the corresponding quarter.

Rest of Europe

The contribution in revenue from all other European countries, except Germany, Switzerland and Italy, represents 14.5% of the Group's total revenue. Overall the segment has achieved a segment loss of RM4.4 million for the current quarter, mainly resulting from the soft Eastern European market.

Americas

The segment revenue from Americas, which represents Mexico, Colombia and Argentina, is quite consistent as compared to the corresponding quarter. However, the segment results improved slightly as compared to the corresponding quarter mainly due to price adjustments on products and better product mix margin.

Rest of the World

Rest of the world which comprise 3.9% 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.

A10. Valuation of Property, Plant and Equipment

There were no valuations of property, plant and equipment during the current quarter ended 30 June 2012.

A. Notes to the Interim Financial Report
For the second quarter and financial period ended 30 June 2012

A11. Changes in the Composition of the Group

In 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.

A12. Events Subsequent to the End of the Reporting Period

There is no event subsequent to the financial period ended 30 June 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 (RM68.3 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 (RM106.9 million) assets to meet pension liabilities of GBP30.4 million (RM151.1 million). An amount of GBP1.0 million (RM5.0 million) has been recognised as a pension liability in the financial statements of PHSL as at 30 June 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	
	30/06/12	30/06/11	30/06/12	30/06/11
	RM'000	RM'000	RM'000	RM'000
Taxation charged in respect of current financial period				
- income tax	(5,785)	(4,399)	(8,379)	(8,142)
- deferred tax	(477)	(1,957)	(872)	(2,350)
	(6,262)	(6,356)	(9,251)	(10,492)

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 30 June 2012 are as set out below:

	Short Term		Long Term		Total
	Secured	Unsecured	Secured	Unsecured	
Currency	RM'000	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	98,544	19,545	84,580	-	202,669
Euro	65,168	20,432	1,534	-	87,134
Swiss Franc	153	-	5,229	-	5,382
US Dollar	60,019	95,609	7,999	-	163,627
Poland Zloty	17	-	-	-	17
Czech Koruna	84	617	51	-	752
Mexican Peso	-	17,353	-	-	17,353
Colombian Peso	-	4	-	-	4
Great Britain Pound	-	-	-	1,879	1,879
Singapore Dollar	15	-	33	-	48
Total	224,000	153,560	99,426	1,879	478,865

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 (RM68.3 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

	RM'000
Payable within 12 months	18,353
Payable after 12 months	176,328
	194,681
Removable Pension Liabilities:	
Liabilities assumed by Pension Trust Fund	85,821
Liabilities assumed by the Company	65,087
	150,908
Other pension liabilities of the Group	43,773
	194,681

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 for in the financial statements as at 30 June 2012 were as follows:

	RM'000
Authorised and contracted:	
Property, plant and equipment	1,298

B6. Review of Performance

The Group's revenue for the current financial quarter was RM427.7 million compared to RM505.1 million for the corresponding quarter last year, a decline of 15.3%. This decline is partly contributed by the weakening of the Group's main revenue currency ie. the EURO which depreciated by 6.2% against Ringgit Malaysia ("RM") as compared to the previous year's corresponding quarter. In addition, the Group has continued to focus on margins improvements by eliminating non-profitable business segments/ product lines/ distribution channels, especially in the presentation equipment and printer consumable business.

The Group achieved a profit before tax of RM0.1 million for the financial quarter after taking into foreign exchange loss arising from translation of foreign currencies of RM7.3m.

B7. Variation of results against preceding quarter

In the current quarter, the Group's revenue increased to RM427.7 million compared to RM417.5 million in the preceding quarter. The second quarter is normally a strong quarter for the Group's school products due to the "back to school" season. Notwithstanding this, the revenue is affected by lower sales contribution from the presentation equipment and printer consumable business due to the changes affected to these product categories.

The Group recorded a profit before tax RM0.1 million as compared to a profit before tax of RM8.6 million in preceding quarter mainly due to the foreign exchange loss incurred in the current quarter and recognition of the gains on disposals of subsidiaries recognized in the preceding quarter.

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

B8. Prospects

The Group's main market in Europe is still mired with economic issues which is causing uncertainties and affecting consumer sentiments as a whole. The Group is taking such opportunities at times of uncertainties to embark on a reorganization exercise both at the operational structure level and also product levels to improve the operational efficiencies and also margin contributions of its products. The reorganized operating structure is geared towards balancing the current level of business with the right operating cost structures and capitalizing on any reversionary trends in the economic conditions which may have a positive impact on revenues and incremental to the Group's bottom line results.

The markets outside Europe are still growing albeit the growth as a percentage to the overall turnover is small. Nevertheless, the Group will continue its efforts in developing such markets especially in regions such as Latin America and Asia which has good growth prospects.

B9. Dividend

The Board of Directors does not recommend any dividend for the current quarter.

B10. Variance on Profit Forecast / Shortfall in Profit Guarantee

Not applicable.

B11. Earnings per share

		3 months ended		Financial period ended	
		30/06/12	30/06/11 Restated	30/06/12	30/06/11 Restated
Profit/(loss) for the financial period attributable to equity holders of the parent:	(RM'000)	(2,452)	12,812	3,057	17,496
Weighted average number of ordinary shares in issue	('000)	512,796	512,796	512,796	512,796
Shares repurchased	('000)	(11,542)	(5,669)	(8,777)	(5,625)
		501,254	507,127	504,019	507,171
(Loss)/earnings per share:	(sen)	(0.49)	2.53	0.61	3.45

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

B12. Additional notes to the Statement of Comprehensive Income

	3 months ended		Financial period ended	
	30/06/12	**30/06/11**	**30/06/12**	**30/06/11**
	RM'000	RM'000	RM'000	RM'000
(Loss) / profit for the period is arrived at after charging / (crediting):				
Interest income	(192)	(241)	(644)	(289)
Interest expense	8,011	6,556	13,570	11,772
Depreciation and amortization	12,628	11,421	26,278	26,873
Provision for and write off of				
- receivables	359	610	802	901
- inventories	1,681	1,029	2,485	1,548
(Gain)/ loss on disposal of				
- Property, plant and equipment	(48)	(394)	(221)	(763)
- Investment	-	-	(21,151)	-
Foreign exchange loss/(gain)	7,278	1,550	1,180	(8,603)

B13. Derivative Liabilities

	Contract/ Notional amount EUR'000	**Liabilities RM'000**
Interest rate swap	10,000	4,118

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.

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

B14. Realised and Unrealised Profits/Losses Disclosure

	As at 30/06/12 RM'000	As at 31/12/11 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised profit	217,452	214,381
- Unrealised loss	(12,349)	(9,304)
	205,103	205,077
Total share of accumulated losses from associates:		
- Realised loss	-	(349)
- Unrealised profit	-	49
	-	(300)
Add : Consolidation adjustments	(2,866)	(589)
Total retained profits as per Statement of Financial Position	202,237	204,188