Financial Statements

for the financial year ended 31 December 2005

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

CHANGE OF NAME

The company changed its name from Diperdana Holdings Berhad to Pelikan International Corporation Berhad on 6 June 2005.

PRINCIPAL ACTIVITIES

The Group and the Company have changed their principal activities during the financial year. The Company is now principally an investment holding company. The principal activities of its subsidiaries include manufacturing and distribution of writing instruments, art, painting and hobby products, office stationeries and printer consumables. The Group distributes its products through wholesalers, dealers, retailers, modern trade including hypermarkets, schools and specialised stores for luxury items. Prior to 8 April 2005, the principal activities of the Company and its subsidiaries were to provide logistics and related services.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit after taxation	**64,656**	**10,644**
Minority interest	**(9,620)**	**-**
Net profit for the financial year	**55,036**	**10,644**

DIVIDENDS

Dividends paid by the Company since the end of the previous financial year were:

i) first interim dividend of 7.5 sen less 28% tax per ordinary share of RM1 each amounting to RM8,462,215 in respect of the financial year ended 31 December 2005 was paid on 30 September 2005; and

ii) second interim dividend of 4.5 sen less 28% tax per ordinary share of RM1 each amounting to RM5,079,619 in respect of the financial year ended 31 December 2005 was paid on 3 January 2006.

The Directors recommend payment of a final dividend of 6.0 sen less 28% tax per ordinary share of RM1 each in respect of the current financial year which, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company, to be paid to shareholders registered in the Register of Members on a date to be determined later by the Directors. Based on the issued and paid-up share capital of the Company as at the date of this report, the final dividend would amount to RM7,135,006.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

DIRECTORS

The Directors who have held office since the date of the last report are as follows:

Loo Hooi Keat	
Syed Hussin bin Shaikh Al Junid	
Haji Abdul Ghani bin Ahmad	
Tan Sri Musa bin Mohamad	(Appointed on 1.8.2005)
Lee Kiat Hean	(Resigned on 16.6.2005)
Mohd Taib bin Ab. Wahab	(Resigned on 27.5.2005)
Abd. Malik bin A. Rahman	(Resigned on 27.5.2005)

ISSUE OF SHARES, DEBENTURES AND SHARE OPTIONS

On 1 April 2005, the Company made a bonus issue of 11,666,666 new ordinary shares of RM 1.00 each on the basis of one (1) new share for every three (3) existing shares held.

Following the completion of the corporate exercise involving the disposal of the entire logistics business undertaking of the Group and the acquisitions of Pelikan Holding AG (including the voluntary general offer by the Company on the remaining shares of Pelikan Holding AG) and Pelikan Japan KK, the following securities were issued:

(a) On 8 April 2005,

i) 93,214,213 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.50 per share;

ii) RM98,900,000 nominal value of 3% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") in the Company, issued at 100% of the nominal value of RM1.00 each; and

iii) RM115,000,000 nominal value of 3% Redeemable Convertible Unsecured Loan Stocks ("RCULS") in the Company, issued at 100% of the nominal value of RM1.00 each

The details of the ICULS and RCULS are disclosed in Note 25 to the financial statements.

(b) On 5 May 2005, 3,493,280 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.50 per share.

During the year, 15,492,851 new ordinary shares of RM1.00 each were issued by the Company by virtue of the conversion of ICULS and RCULS at the conversion price of RM1.50 per share. The shares rank pari passu in all respects with the existing ordinary shares of the Company.

Subsequent to the financial year, on 23 February 2006, the Company proposed to undertake a bonus issue of up to 57,194,813 new ordinary shares in the Company on the basis of one (1) new share for every five (5) existing shares on the date to be determined and announced later by the Board of Directors. The proposed bonus issue is subject to shareholders' approval in the forthcoming extraordinary general meeting of shareholders of the Company.

DIRECTORS' BENEFITS

During and at the end of the financial year ended 31 December 2005, no arrangements subsisted to which the Company is a party, being any arrangements with the objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest except for the followings:

a) Directors' fees and other emoluments as disclosed in Note 6 to the financial statements;

b) deemed benefits arising from related party transactions as disclosed in Note 33 to the financial statements; and

c) deemed benefits accruing to respective Directors deemed interested in the shares of the Company and its related corporations from the transactions among related corporations in the ordinary course of business.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in the shares of the Company are as follow:

	Number of ordinary shares of RM1.00 each in the Company			
	As at 01.01.05	Additions	Disposals	As at 31.12.05
Loo Hooi Keat				
- Direct	-	900,800	(531,000)	369,800
- Indirect	-	73,933,333	(7,200,000)	66,733,333

	Number of ordinary shares of RM1.00 each in PBS Office Supplies Holding Sdn Bhd (formerly known as Pelikan Holding Sdn Bhd)			
	As at 01.01.05	Additions	Disposals	As at 31.12.05
Loo Hooi Keat				
- Direct	12,050,000	-	-	12,050,000
- Indirect	12,911,647	-	-	12,911,647

By virtue of Loo Hooi Keat having an interest of more than 15% in the shares in the Company, he is deemed interested in the shares in the Company and its related corporations to the extent of his interest.

Other than those disclosed above, none of the other Directors in office at the end of the financial year held any interest in the shares in the Company and its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and Company misleading; or

(c) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (cont'd)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group or Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and Company's operations which has changed its principal activities during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) except as disclosed in the financial statements, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the financial year in which this report is made.

CORPORATE EXERCISE

On 8 April 2005, the Company completed its corporate exercise by disposing its entire logistics business undertaking to Konsortium Logistik Berhad and the acquisitions of Pelikan Holding AG and Pelikan Japan KK. Details of the corporate exercise are set out in Note 3 to the financial statements.

ULTIMATE HOLDING COMPANY

The Directors regard PBS Office Supplies Holding Sdn Bhd (formerly known as Pelikan Holding Sdn Bhd), a company incorporated in Malaysia, as the Company's ultimate holding company.

AUDITORS

The auditors, Ong Boon Bah & Co, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 26 April 2006.

LOO HOOI KEAT
Director

TAN SRI MUSA BIN MOHAMAD
Director

Kuala Lumpur

Statement By Directors

We, LOO HOOI KEAT and TAN SRI MUSA BIN MOHAMAD, being two of the Directors of PELIKAN INTERNATIONAL CORPORATION BERHAD (formerly known as DIPERDANA HOLDINGS BERHAD), state that, in the opinion of the Directors, the financial statements set out on pages 80 to 125 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 26 April 2006.

LOO HOOI KEAT
Director

TAN SRI MUSA BIN MOHAMAD
Director

Kuala Lumpur

Statutory Declaration

I, LOO HOOI KEAT, the Director primarily responsible for the financial management of PELIKAN INTERNATIONAL CORPORATION BERHAD (formerly known as DIPERDANA HOLDINGS BERHAD), do solemnly and sincerely declare that the financial statements set out on pages 80 to 125 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

LOO HOOI KEAT

Subscribed and solemnly declared by the above named LOO HOOI KEAT at Kuala Lumpur on 26 April 2006.

Before me

KARAM SINGH A/L SUDAGAR SINGH PMC
Commissioner for Oaths
Kuala Lumpur

Report Of The Auditors

To The Members Of Pelikan International Corporation Berhad

(Formerly Known As Diperdana Holdings Berhad)
Company No: 63611 U

We have audited the financial statements set out on pages 80 to 125. These financial statements are the responsibility of the Company's Directors. Our responsibility is to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

(a) the financial statements which have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

(i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(ii) the state of affairs of the Group and of the Company as at 31 December 2005 and of the results of the Group and of the Company and the cash flows of the Group and of the Company for the financial year ended on that date;

and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The names of the subsidiary companies of which we have not acted as auditors are indicated in Note 13 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

ONG BOON BAH & CO
AF: 0320
Chartered Accountants

WONG SOO THIAM
1315/12/06(J)
Partner of the Firm

Kuala Lumpur
26 April 2006

Income Statements

For The Financial Year Ended 31 December 2005

	Note	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Revenue	4	511,074	112,120	6,203	19,984
Change in the level of finished goods and work in progress		(12,249)	-	-	-
Other operating income		16,961	3,745	21,472	7,402
Materials used		(207,955)	-	-	-
Staff costs	5	(117,857)	(12,912)	(1,160)	(1,685)
Depreciation of property, plant and equipment		(19,031)	(16,145)	(3,320)	(14,210)
Amortisation of intangible assets		(563)	-	-	-
Gain/ (Loss) on disposal of business		6,401	-	(11,315)	-
Impairment loss of property, plant and equipment		-	(18,521)	-	(13,522)
Other operating expenses		(115,850)	(87,937)	(1,907)	(11,944)
Profit/(loss) from operations	7	60,931	(19,650)	9,973	(13,975)
Share of results of associates		12,628	-	-	-
Interest expense		(6,997)	(4,486)	(5,130)	(4,384)
Profit/(loss) from ordinary activities before taxation		66,562	(24,136)	4,843	(18,359)
Taxation	8				
- Company and subsidiaries		2,083	5,157	5,801	4,962
- Associates		(3,989)	-	-	-
		(1,906)	5,157	5,801	4,962
Profit/(loss) from ordinary activities after taxation		64,656	(18,979)	10,644	(13,397)
Minority interest		(9,620)	62	-	-
Net profit/(loss) for the financial year		55,036	(18,917)	10,644	(13,397)
Earnings/(loss) per share (sen)	9				
- Basic		44.55	(40.54)		
- Fully Diluted		26.56	(40.54)		
Dividends per share (sen)	10				
- declared		12.00	-	12.00	-
- proposed		6.00	-	6.00	-

The accompanying notes form an integral part of the financial statements.

Balance Sheets
As At 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Non-current assets					
Property plant and equipment	11	209,627	103,630	375	82,092
Intangible assets	12	94,477	-	-	-
Investments in subsidiaries	13	-	-	149,964	432
Investments in associates	14	91,455	-	64,158	-
Long term investments	15	2,591	221	-	220
Pension Trust Fund	16	187,770	-	187,770	-
Deferred tax assets	17	11,159	-	2,380	-
		597,079	103,851	404,647	82,744
Current assets					
Inventories	18	136,841	115	-	-
Receivables, deposits & prepayments	19	167,724	24,786	7,755	38,469
Tax recoverable		3,942	324	494	324
Pension Trust Fund	16	26,130	-	26,130	-
Deposits, bank and cash balances	20	42,132	1,364	6,570	1
		376,769	26,589	40,949	38,794
Current liabilities					
Payables	21	111,194	26,471	23,437	5,414
Post employment benefit obligations	22	14,829	-	-	-
Provisions	23	4,513	-	-	-
Borrowings	24	35,828	39,290	-	37,938
ICULS	25	2,086	-	2,086	-
RCULS	25	3,166	-	3,166	-
Current tax liabilities		12,384	6	-	-
		184,000	65,767	28,689	43,352
Net current assets/(liabiliities)		192,769	(39,178)	12,260	(4,558)

Balance Sheets
As At 31 December 2005

	Note	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Less: Non current liabilities					
Post employment benefit obligations	22	255,086	1,223	-	2
Provisions	23	19,316	-	-	-
Borrowings	24	-	6,017	-	5,996
ICULS	25	6,413	-	6,413	-
RCULS	25	103,178	-	103,178	-
Deferred tax liabilities	17	7,177	5,894	2,408	5,894
		391,170	13,134	111,999	11,892
		398,678	51,539	304,908	66,294
Capital and reserves					
Share capital	26	158,867	35,000	158,867	35,000
Reserves		178,327	16,470	146,041	31,294
Shareholders' equity		337,194	51,470	304,908	66,294
Minority interest		61,484	69	-	-
		398,678	51,539	304,908	66,294

Note:
ICULS - Irredeemable Convertible Unsecured Loan Stocks
RCULS - Redeemable Convertible Unsecured Loan Stocks

The accompanying notes form an integral part of the financial statements.

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2005

	Note	Non-distributable			Distributable	
		Share Capital RM'000	Share premium RM'000	Revaluation and other reserves (Note 27) RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2004		35,000	-	6,181	35,535	76,716
Net loss of the financial year		-	-	-	(18,917)	(18,917)
Impairment loss		-	-	(5,825)	-	(5,825)
Loss not recognised in income statement		-	-	(5,825)	-	(5,825)
Final dividend for the financial year ended 31 December 2003		-	-	-	(504)	(504)
At 31 December 2004		35,000	-	356	16,114	51,470
Bonus issue		11,667	-	-	(11,667)	-
Release on disposal of business		-	-	(356)	-	(356)
Issue of shares:						
- acquisition of subsidiaries		96,707	48,354	96,821	-	241,882
- share issue cost		-	(2,590)	-	-	(2,590)
Exercise of Irredeemable Convertible Unsecured Loan Stocks		15,458	7,729	(21,016)	-	2,171
Exercise of Redeemable Convertible Unsecured Loan Stocks		35	18	(4)	-	49
Currency translation differences		-	-	3,074	-	3,074
Net loss not recognised in income statement		-	-	3,074	-	3,074
Net profit for the financial year		-	-	-	55,036	55,036
Interim dividends for the financial year ended 31 December 2005	10	-	-	-	(13,542)	(13,542)
As at 31 December 2005		158,867	53,511	78,875	45,941	337,194

Company Statement Of Changes In Equity
For The Financial Year Ended 31 December 2005

	Note	Non-distributable					Distributable	
	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	ICULS RM'000	RCULS RM'000	Retained earnings (Note 28) RM'000	Total RM'000
As at 1 January 2004		35,000	-	5,694	-	-	45,195	85,889
Net loss for the financial year		-	-	-	-	-	(13,397)	(13,397)
Impairment loss		-	-	(5,694)	-	-	-	(5,694)
Loss not recognised in Income statement		-	-	(5,694)	-	-	-	(5,694)
Final dividend for the financial year ended 31 December 2003		-	-	-	-	-	(504)	(504)
As at 31 December 2004		35,000	-	-	-	-	31,294	66,294
Bonus issue		11,667	-	-	-	-	(11,667)	-
Issue of shares:								
- acquisition of subsidiary		96,707	48,354	-	89,651	7,170	-	241,882
- share issue cost		-	(2,590)	-	-	-	-	(2,590)
Exercise of Irredeemable Convertible Unsecured Loan Stocks ("ICULS")		15,458	7,729	-	(21,016)	-	-	2,171
Exercise of Redeemable Convertible Unsecured Loan Stocks ("RCULS")		35	18	-	-	(4)	-	49
Net profit for the financial year		-	-	-	-	-	10,644	10,644
Interim dividends for the financial year ended 31 December 2005	10	-	-	-	-	-	(13,542)	(13,542)
As at 31 December 2005		158,867	53,511	-	68,635	7,166	16,729	304,908

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For The Financial Year Ended 31 December 2005

	Note	2005 RM'000	2004 RM'000
Operating activities			
Net profit/(loss) for the financial year		55,036	(18,917)
Adjustments for:			
Tax expense		1,906	(5,157)
Share of results of associates		(12,628)	-
Depreciation of property, plant and equipment		19,031	16,145
Amortisation of intangible assets		563	-
Impairment loss of property, plant and equipment		-	18,521
Net gain on disposal of property, plant and equipment		(220)	(2,232)
Interest expenses		6,997	4,486
Interest income		(1,978)	-
Property, plant and equipment written off		2	51
Gain on disposal of business		(6,401)	-
Minority interest		9,620	(62)
		71,928	12,835
Changes in working capital:			
Inventories		10,666	77
Trade and other receivables		(10,849)	5,796
Trade and other payables		(26,289)	2,687
Other provisions		(11,223)	195
		34,233	21,590
Interest received		830	-
Interest paid		(2,913)	(186)
Taxation paid		(5,457)	(4,113)
Net cash flow from operating activities		26,693	17,291

Consolidated Cash Flow Statement
For The Financial Year Ended 31 December 2005

	Note	2005 RM'000	2004 RM'000
Investing activities			
Acquisitions of subsidiaries	3(a)	11,802	-
Disposal of business	3(b)	3,869	-
Purchase of property, plant and equipment		(14,398)	(1,069)
Proceeds from disposal of property, plant and equipment		348	275
Development expenses paid		(900)	-
Purchase of securities		(127)	-
Dividend received from associates		517	-
Net cash flow from/(used in) investing activities		1,111	(794)
Financing activities			
Share issue cost		(2,590)	-
Repayment of hire purchase and lease creditors		(2,286)	(9,321)
Repayment of term loans		(1,347)	(4,870)
Net drawdown/repayment of revolving credit		906	(600)
Net drawdown from discounted bills		1,509	-
Net drawdown from short term loan		9,370	-
Dividends paid to shareholders		(8,462)	(504)
Dividends paid to minority interest		(2,400)	-
Net cash flow used in financing activities		(5,300)	(15,295)
Net increase in cash and cash equivalents during the financial year		**22,504**	**1,202**
Currency translation differences		**4,611**	**-**
Cash and cash equivalents at beginning of the financial year		**(5,009)**	**(6,211)**
Cash and cash equivalents at end of the financial year	20	**22,106**	**(5,009)**

The accompanying notes form an integral part of the financial statements.

Company Cash Flow Statement

For The Financial Year Ended 31 December 2005

	Note	2005 RM'000	2004 RM'000
Operating activities			
Net profit/(loss) for the financial year		10,644	(13,397)
Adjustments for:			
Tax expense		(5,801)	(4,962)
Depreciation of property, plant and equipment		3,320	14,210
Net gain on disposal of property, plant and equipment		(196)	(2,159)
Impairment loss of property, plant and equipment		-	13,522
Loss on disposal of business		11,315	-
Property, plant and equipment written off		2	51
Interest income		(26)	(2,654)
Interest expense		5,130	4,384
Excess from reimbursement of Pension Trust Fund		(20,805)	-
		3,583	8,995
Changes in working capital:			
Trade and other receivables		(2,938)	5,434
Trade and payables		11,450	4,756
Former subsidiaries		(4,158)	830
		7,937	20,015
Interest received		26	-
Interest paid		(798)	(4,011)
Tax paid		(272)	(185)
Receipt from Pension Trust Fund		20,805	-
Net cash flow from operating activities		27,698	15,819

Company Cash Flow Statement
For The Financial Year Ended 31 December 2005

	Note	2005 RM'000	2004 RM'000
Investing activities			
Acquisition of subsidiaries		(4,903)	-
Disposal of business		3,927	-
Purchase of property, plant and equipment		(127)	(364)
Proceeds from disposal of property, plant and equipment		196	186
Net cash flow used in investing activities		(907)	(178)
Financing activities			
Share issue cost		(2,590)	-
Repayment of hire purchase and lease creditors		(2,278)	(9,290)
Repayment of term loans		(1,346)	(4,870)
Repayment of revolving credit		(500)	(600)
Drawdown from short term loan		-	-
Dividend paid		(8,462)	(504)
Net cash flow used in financing activities		(15,176)	(15,264)
Net increase in cash and cash equivalents during the financial year		**11,615**	**377**
Cash and cash equivalents at beginning of the financial year		**(5,045)**	**(5,422)**
Cash and cash equivalents at end of the financial year	20	**6,570**	**(5,045)**

The accompanying notes form an integral part of the financial statements.

Notes To The Financial Statements
For The Year Ended 31 December 2005

General Information
The Group and the Company have changed their principal activities during the financial year. The Company is now principally an investment holding company. The principal activities of its subsidiaries include manufacturing and distribution of writing instruments, art, painting and hobby products, office stationeries and printer consumables. The Group distributes its products through wholesalers, dealers, retailers, modern trade including hypermarkets, schools and specialised stores for luxury items. Prior to 8 April 2005, the principal activities of the Company and its subsidiaries were to provide logistics and related services (refer Note 3). Accordingly, comparative amounts for the income statement, changes in equity, cash flows and related notes are not comparable.

The number of employees at the end of the financial year was 922 (2004: 430) in the Group and 2 (2004: 8) in the Company. The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is as follows:

Lot 3410 Mukim Petaling
Batu 12½, Jalan Puchong
47100 Puchong
Selangor Darul Ehsan
Malaysia

1. Summary of Significant Accounting Policies
The financial statements of the Group and Company have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies and comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

(a) Basis of consolidation
The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to the end of the financial year. Subsidiary companies are those corporations in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The cost of an acquisition is the amount of cash paid and the fair value at the date of acquisition of the other purchase consideration given by the acquirer, together with directly attributable expenses of the acquisition (other than costs of issuing shares and other capital instruments). At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition cost and of the fair value of the subsidiaries' net assets is reflected as goodwill on consolidation or negative goodwill. See accounting policy note on goodwill. Minority interest is measured at the minorities' share of the post acqusition fair values of identifiable assets and liabilities of the acquiree. Separate disclosure is made for minority interest.

All intragroup transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any goodwill on acquisition and exchange differences and other reserves which were not previously recognises in the consolidated income statement.

(b) Associates
Associates are those corporations in which the Group exercises significant influence, but which it does not control. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies. Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting.

1. Summary of Significant Accounting Policies (cont'd)

(b) Associates (cont'd)

Equity accounting involves recognising the Group's share of the post acquisition results of associates in the income statement and its share of post acquisition movements within reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and includes goodwill on acquisition (net of accumulated amortisation). Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

(c) Investments

Investments in subsidiaries and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

Investments in other non-current investments are shown at cost and allowance is made where in the opinion of the Directors, there is a permanent diminution in value. Where there has been a permanent diminution in the value of the investment, such a diminution is recognised as an expense in the financial year in which the diminution is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(d) Property, plant and equipment

Property, plant and equipment are initially stated at historical cost less accumulated depreciation and impairment losses.

Surpluses arising on revaluation are credited to revaluation reserve, net of tax effect. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement.

The cost of property, plant and equipment comprises their purchase cost, and any incidental costs of acquisition. Freehold land is not depreciated as it has an infinite life. Depreciation on assets under contruction commences when the assets are ready for their intended use. Other property, plant and equipment are depreciated to write off the cost or of each asset or their revalued amounts to their residual values over their estimated useful lives as follows:

Buildings	8 – 25 years
Machinery and technical equipment	5 – 14 years
Office equipment, furniture and fittings	3 – 14 years
Motor vehicles	4 – 7 years

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit/(loss) from operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Repair and maintenance are charged to the income statement during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

1. Summary of Significant Accounting Policies (cont'd)

(e) Intangible assets

(i) Goodwill

Goodwill includes purchased goodwill and excess of the fair value of purchase consideration of subsidiaries and associates over the Group's share of the fair value of their identifiable net assets at the date of acquisition. The Directors adopt the accounting policy to capitalise goodwill as an asset and the carrying amount is reviewed annually and written down for impairment when deemed appropriate. At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy on impairment of assets. Prior to 1 January 2005, goodwill on acquisition was charged in full to retained earnings.

Negative goodwill represents the excess of the Group's share of the fair value of identifiable net assets acquired over the cost of acquisition. Negative goodwill is recognised in the income statement immediately.

(ii) Research and development

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

Development costs that have been capitalised are amortised from the commencement of commercial production of the product to which they relate on the straight line basis over the period of their expected benefit.

(iii) Other intangible assets

Expenditure on acquired trademarks are capitalised and the carrying amount are reviewed annually and written down for impairment when deemed appropriate.

(f) Assets acquired under finance lease and hire purchase agreements

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance lease. Assets acquired under finance lease and hire purchase agreements are included in property, plant and equipment and the capital element of the leasing and hire purchase commitments is shown as liabilities. The capital element of the finance lease rental and hire purchase is applied to reduce the outstanding obligations and the interest element is charged to the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period. Assets acquired under finance leases and hire purchases are depreciated over the useful lives of equivalent owned assets.

(g) Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the lease period.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expenses in the period in which the termination takes place.

(h) Trade receivables

Trade receivables are carried at invoice value less an allowance for doubtful debts. The allowance is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off in the period in which they are identified.

Trade receivables that are factored out to finance institutions for a single non-returnable fixed sum with no recourse to the Group are treated as being fully settled. The corresponding payment from the finance institution is recorded as a cash receipt from customers and no liability is recognised. Any fee incurred to effect the factoring is recognised as an expense in the period in which the factoring takes place.

1. Summary of Significant Accounting Policies (cont'd)

(i) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(j) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plan

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plan

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/ losses and past service cost. The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at balance sheet date of government securities which have currency and terms to maturity approximating the terms of the related liability.

Plan assets in excess of the defined benefit obligation are subject to the asset limitation specified in MASB 29 "Employee Benefits".

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the income statement is determined by the corridor method in accordance with MASB 29 "Employee Benefits" and is charged or credited to income over the average remaining service lives of the related employees participating in the defined benefit plan.

(iv) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(k) Impairment of assets

Property, plant and equipment and other non-current assets including intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

Impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus. The increased carrying amount of the asset does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

1. Summary of Significant Accounting Policies (cont'd)

(l) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits including withholding taxes payable by a foreign subsidiary and associate on distributions of retained earnings to companies in the Group, and real property gains taxes payable on disposal of properties.

Deferred tax is recognised in full using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or unutilised tax losses can be utilised. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

(m) Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank balances, demand deposits and other deposits held at call with banks, bank overdrafts and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Borrowings

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

When convertible bonds are issued, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is recorded as a liability on the amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option which is recognised and included in shareholders' equity.

(o) Revenue recognition

(i) Revenue

Revenue comprises the invoiced value for the sale of goods and services, net of sales taxes, rebates and discounts, and after eliminating sales within the Group. Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

(ii) Dividend income

Dividend income is accounted for when the shareholders' right to receive payment is established.

(iii) Interest income

Interest income are recognised on an accruals basis unless collectibility is in doubt.

(iv) Royalties

Revenue arising from royalties is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(p) Share capital

(i) Classification

Ordinary shares are classified as equity.

The presentation and disclosures of MASB 24 – "Financial Instruments, Disclosure and Presentation" have been adopted in respect of the equity and liability components of financial instruments that contain both a liability and equity elements ("compound instruments"). Upon the issuance of a compound instrument, the fair value of the liability portion is determined using a market interest rate for an equivalent financial instrument; this amount is carried as a liability on the amortised cost basis until extinguished on conversion or maturity of the instrument. The remainder of the proceeds is allocated to the conversion option which is recognised and included in shareholders' equity; the value of the conversion option is not changed in subsequent periods. Upon conversion of the bond to equity shares, the amount credited to share capital and share premium is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised.

1. Summary of Significant Accounting Policies (cont'd)

(p) Share capital (cont'd)

(ii) Share issue cost

Cost directly attributable to the issue of new shares are shown as a deduction in equity.

(iii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date. Upon the dividend becoming payable, it will be accounted for as a liability.

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(r) Warranty

The Group recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on past history of the level of repairs and replacements.

(s) Foreign currencies

(i) Reporting currency

The financial statements are presented in Ringgit Malaysia (RM).

(ii) Foreign entities

The Group's foreign entities are those operations that are not an integral part of the operation of the Company. Income statements of foreign entities are translated into Ringgit Malaysia at average exchange rates for the financial year and the balance sheets are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign entities are taken to 'Currency translation differences' in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Group and are translated accordingly at the exchange rate ruling at the date of the transaction.

(iii) Foreign currency transactions and balances

Foreign currency transactions in Group companies are accounted for at exchange rates prevailing at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign monetary assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts are as follows:

Foreign currency	2005 RM
EUR (Euro)	4.475
CHF (Swiss Franc)	2.874
MXN (Mexican Peso)	0.356
JPY (Japanese Yen)	0.033
USD (US Dollar)	3.779
AUD (Australian Dollar)	2.775

1. Summary of Significant Accounting Policies (cont'd)

(t) Financial instruments

(i) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(ii) Financial instruments recognised on the balance sheet

Compound financial instruments

On issue of a financial instrument that contains both a liability and an equity component, the fair value of the liability portion is determined using a market interest rate for an equivalent financial instrument; this amount is carried as liability on the amortised cost basis until extinguished on conversion or maturity of the instrument. The remainder of the proceeds is allocated to the conversion option which is recognised and included in shareholders equity; the value of the conversion option is not changed in subsequent periods.

(iii) Other financial instruments

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy statements associated with each item.

(iv) Financial instruments not recognised on the balance sheet - Foreign Currency Forward Contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

All other exchange gains and losses relating to hedge instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items. Gains and losses on contracts that are no longer designated as hedges are included in the income statement.

(v) Fair value estimation for disclosure purposes

The fair value of quoted investments is based on quoted market prices at the balance sheet date. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of other derivatives and financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long term debt. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The face values of financial assets, less any estimated credit adjustments, and financial liabilities with a maturity of less than one year and floating rate long-term debts are assumed to approximate their fair values.

(u) Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recongised because it cannot be measured reliably.

1. Summary of Significant Accounting Policies (cont'd)

(u) Contingent liabilities and contingent assets (cont'd)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(v) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

(w) Summary of financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing their risks. Financial risk management is carried out through risks reviews, internal controls systems and adherence to the Group's financial risk management policies that are approved by the Board. The use of financial instruments exposes the Group to financial risks, which are categorised as credit, liquidity, cash flow, interest rate, market risks and foreign currency exchange risk. It is the Group's policy not to engage in speculative transactions.

The policies for controlling these risks when applicable are set out below:

(i) Credit risk

The Group controls its credit risk by the application of credit approvals, credit limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and limiting the Group's associations to business partners with an appropriate credit history. Trade receivables are monitored on an on-going basis.

At balance sheet date, the Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets. The maximum exposure to credit risk is represented by the carrying amount of each financial assets.

(ii) Liquidity and cash flow risk

The Group actively manages its debt profile, operating cash flows and the availability of funding so as to ensure that all repayments and funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group's objective is to maintain a balance of funding and flexibility through the use of credit facilities, short and long term borrowings. Short term flexibility is achieved through credit facilities and short term borrowings.

(iii) Interest rate risk

The Group finances its operations through operating cash flows and borrowings. Its policy is to derive the desired interest rate profile through a mix of fixed and floating rate banking facilities. Deposits with license financial institutions are held for short term and not for speculative purpose.

(iv) Market risk

For key product purchases, the Group establishes floating and fixed price levels that the Group considers acceptable and enters into short or medium-term arrangements with suppliers. The Group manages its market risk through the established guidelines and policies.

1. Summary of Significant Accounting Policies (cont'd)

(w) Summary of financial risk management objectives and policies (cont'd)

(v) Foreign currency exchange risk

The Group operates internationally and is therefore exposed to different currencies of the countries where the Group operates. Exposure to currency risk as a whole is mitigated by the operating environment which provides for a natural hedge. Most payments for foreign payables is matched against receivables denominated in the same foreign currency or whatever possible, by intragroup arrangements and settlements, The group also attempts to limit its exposure for all committed transaction by entering into forward foreign currency exchange contracts within the constraints of market and government regulations.

2. Segment reporting

The primary reporting format is based on geographical locations of the assets. The business segmentation is not disclosed as the Group is principally engaged in manufacturing and distribution of related products such as writing instruments, art, painting and hobby products, as well as school and office stationery and office supplies.

The Group is organised on a worldwide basis into 5 main geographical units:
- Germany
- Switzerland
- Rest of Europe
- Latin America
- Others

Analysis of the Group's revenue, results and other information by geographical locations of the assets are as follows:

	Germany RM'000	Latin-America RM'000	Rest of Europe RM'000	Switzerland RM'000	Others RM'000	Elimination RM'000	Group RM'000
Year ended 31 December 2005							
External revenue	279,549	61,674	91,007	29,681	24,393	-	486,104
Discontinued operation	-	-	-	-	-	-	24,970
Inter-segment revenue	182,118	3,873	1,649	-	3,374	(191,014)	-
Total revenue	461,667	65,547	92,656	29,681	27,767	(191,014)	511,074
Segment result	27,263	7,549	6,569	3,099	4,478	(1,429)	47,529
Gain on disposal of business							6,401
Unallocated income (net of cost)							7,456
Discontinued operation							(455)
Profit from operations							60,931
Share of results of associates							12,628
Interest expense							(6,997)
Taxation							(1,906)
Minority interest							(9,620)
Net profit for the financial year							55,036

2. Segment reporting (cont'd)

	Germany RM'000	Latin-America RM'000	Rest of Europe RM'000	Switzerland RM'000	Others RM'000	Elimination RM'000	Group RM'000
At 31 December 2005							
Assets							
Segment assets	351,256	95,464	104,881	7,947	33,305	-	592,853
Associates							91,455
Pension trust fund							213,900
Unallocated assets							75,640
Total assets							973,848
Liabilities							
Segment liabilities	335,876	16,412	63,383	2,679	12,914	-	431,264
ICULS / RCULS							114,843
Unallocated liabilities							29,063
Total liabilities							575,170
Year Ended 31 December 2005							
Other information							
Capital expenditure	186,768	4,201	35,036	765	1,411	-	228,181
Depreciation and amortisation	11,861	3,313	259	172	3,989	-	19,594
Non-cash expenses/(income)	140	1,223	27	418	(103)	-	1,705

Capital expenditure comprises additions to property, plant and equipment and intangible assets including resulting from acquisitions through business acquisition.

Comparative figures for the last financial year were not presented as the Group was principally engaged in providing logistics and related services in Malaysia.

3. Continuing and discontinuing operations

On 8 April 2005, the Company completed its corporate exercise by disposing its entire logistics business undertaking to Konsortium Logistik Berhad ("KLB") and the acquisitions of Pelikan Holding AG and Pelikan Japan KK (collectively "the Acquisitions of Pelikan"). Details of the corporate exercise completed are as follows:

(a) disposal of the Company's entire logistics business undertaking to KLB for a total consideration of RM80,000,000, satisfied by the issuance of 50,000,000 new ordinary shares of RM1.00 each in KLB at an issue price of RM1.60 per share, which resulted in the entire logistics business operations of the Company being treated as discontinuing;

(b) acquisition of 64.94% of the equity interest in Pelikan Holding AG ("PHAG") comprising 539,000 registered shares of Swiss Franc ("CHF") 65.00 each and 461,000 bearer shares of CHF65.00 each from PBS Office Supplies Holding Sdn Bhd (formerly known as Pelikan Holding Sdn. Bhd.) for a total consideration of RM299,000,000 that has been satisfied by issuance of :

3. Continuing and discontinuing operations (cont'd)

(i) 56,733,333 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.50 per share;
(ii) RM98,900,000 nominal value of 3% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") in the Company, issued at 100% of the nominal value of RM1.00 each; and
(iii) RM115,000,000 nominal value of 3% Redeemable Convertible Unsecured Loan Stocks ("RCULS") in the Company, issued at 100% of the nominal value of RM1.00 each.

(c) Issuance of 27,974,160 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.50 per share for the acquisition of 349,677 bearer shares of CHF65.00 each pursuant to the Voluntary General Offer ("VGO") for the remaining 540,000 bearer shares of CHF65.00 each Pelikan. At the end of the VGO offer period on 5 May 2005, the Company owns 87.64% equity interest in PHAG; and

(d) Issuance of 12,000,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.50 per share for the acquisition of 75% of the equity interest in Pelikan Japan K.K. comprising 3,000 shares of Japanese Yen ("JPY") 50,000 each from Pelikan Singapore-Malaysia Pte. Ltd. for a total consideration of RM18,000,000.

Continuing operations of the Group comprise of operations arising from the Acquisitions of Pelikan and discontinuing operations comprise the disposal of its logistics business.

	Continuing operation		Discontinuing operation		Group	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Income statement						
Revenue	486,104	-	24,970	112,120	511,074	112,120
Other operating income	16,415	-	546	3,745	16,961	3,745
Expenses excluding Interest expense and tax	(447,534)	-	(25,971)	(135,515)	(473,505)	(135,515)
Gain on disposal of business	-	-	6,401	-	6,401	-
Profit/(loss) from operations	54,985	-	5,946	(19,650)	60,931	(19,650)
Share of results of associates	12,628	-	-	-	12,628	-
Interest expense	(6,174)	-	(823)	(4,486)	(6,997)	(4,486)
Profit/(loss) before tax	61,439	-	5,123	(24,136)	66,562	(24,136)
Taxation	(2,732)	-	826	5,157	(1,906)	5,157
Profit/(loss) after tax	58,707	-	5,949	(18,979)	64,656	(18,979)
Minority interest	(9,609)	-	(11)	62	(9,620)	62
Net profit for the period	49,098	-	5,938	(18,917)	55,036	(18,917)
Cash flows						
Operating activities	23,671	-	3,022	17,291	26,693	17,291
Investing activities	(14,742)	-	182	(794)	(14,560)	(794)
Financing activities	(1,167)	-	(4,133)	(15,295)	(5,300)	(15,295)
Net cash flow on acquisition/ disposal	11,802	-	3,869	-	15,671	-
Total cash flow	19,564	-	2,940	1,202	22,504	1,202

3. Continuing and discontinuing operations (cont'd)

	Continuing operation		Discontinuing operation		Group	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Balance sheet						
Goodwill on Acquisition of Pelikan	36,788	-	-	-	36,788	-
Other non- current assets	495,875	-	64,416	103,851	560,291	103,851
Current assets	376,429	-	340	26,589	376,769	26,589
Total assets	909,092	-	64,756	130,440	973,848	130,440
Current liabilities	(183,402)	-	(598)	(65,767)	(184,000)	(65,767)
Non-current liabilities	(391,170)	-	-	(13,134)	(391,170)	(13,134)
Total liabilities	(574,572)	-	(598)	(78,901)	(575,170)	(78,901)
Net assets	334,520	-	64,158	51,539	398,678	51,539
Minority interest	(61,484)	-	-	(69)	(61,484)	(69)
	273,036	-	64,158	51,470	337,194	51,470

(a) Significant acquisition

Details of net assets acquired, goodwill and cash flow arising from the Acquisitions of Pelikan are as follows:

	RM'000
Property, plant and equipment	213,497
Intangible assets	47,137
Investment in associates	21,158
Long term investments	2,719
Deferred tax assets	9,917
Inventories	158,950
Receivables deposits and prepayments	163,888
Deposits, bank and cash balances	38,979
Payables	(113,689)
Current tax liabilities	(6,264)
Deferred tax liabilities (including deferred tax on fair value adjustment of fixed assets on acquisition)	(9,089)
Bank overdraft	(22,274)
Borrowings	(4,487)
Provisions	(27,331)
Post-employment benefit obligations	(307,625)
Fair value of total net assets acquired	165,486
Minority interest	(52,310)
Goodwill	36,788
Cost of acquisition	149,964

3. Continuing and discontinuing operations (cont'd)

	RM'000
Total purchase consideration	145,061
Purchase consideration discharged by shares issued	(145,061)
Purchase consideration discharged by ICULS issued	(98,900)
Purchase consideration discharged by RCULS issued	(115,000)
Post-employment benefit obligations assumed by vendor (Pension Trust Fund)	213,900
Purchase consideration discharged by cash	-
Expenses directly attributable to the acquisition	4,903
Less: Cash and cash equivalents of subsidiaries acquired	(16,705)
Cash inflow of the Group on acquistion	(11,802)

(b) Discontinuing operation

The effect of disposal of the logistic business on the financial position of the Group was as follows:

	RM'000
Property, plant and equipment	99,571
Long term investments	221
Inventories	84
Receivables, deposits and prepayments	23,301
Deposits, bank and cash balances	1,178
Payables	(25,041)
Current tax liabilities	(6)
Hire purchase and lease creditors	(10,235)
Bank overdraft	(7,115)
Borrowings	(24,566)
Post-employment benefit obligations	(1,267)
Net assets	56,125
Reclassification from shareholders' equity:	
- Reserve on consolidation reserve	(356)
Minority interest	(80)
Net disposal consideration	(62,090)
Gain on disposal before and after tax	(6,401)

The cash flow on disposal is determined as follows:

Consideration from disposal	64,158
Expenses directly attributable to the disposal, paid in cash	(2,068)
Net disposal consideration	62,090
Disposal consideration received by shares	(64,158)
Net disposal proceeds	(2,068)
Cash and cash equivalents of business disposed	5,937
Net cash inflow on disposal	3,869

4. Revenue

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Sale of goods	480,805	-	-	-
Logistics and related services:				
- sales to external customers	24,970	112,120	-	-
- sales to subsidiary companies	-	-	6,203	19,984
Royalties	5,299	-	-	-
	511,074	112,120	6,203	19,984

5. Staff costs

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonus	89,609	11,360	1,036	1,512
Defined contribution retirement plan	22,395	1,304	124	173
Define benefit retirement plan	1,030	248	-	-
Other employee benefits	4,823	-	-	-
	117,857	12,912	1,160	1,685

Staff costs as shown above, include the remuneration of Executive Directors.

6. Directors' remuneration

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Non-executive Directors				
Fee	311	241	190	240
Executive Directors:				
Salaries and bonuses	652	166	652	166
Defined contribution retirement plan	78	-	78	-
Estimated monetary value of benefits-in-kind	-	7	-	7
	1,041	414	920	413

7. Profit/(loss) from operations

(a) Profit/(loss) from operations is arrived at after inclusion of the following charges/ (credits):

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
After charging/(crediting):				
Auditors' remuneration	873	70	20	21
Rental of land land buildings	8,235	613	-	-
Hire of plant and machinery	603	-	-	-
Loss on disposal of property, plant and equipment	49	143	-	141
Allowance for doubtful debts	399	2,335	1	5,154
External logistics, outward freight and packaging	35,390	-	-	-
Sales promotion	17,347	-	-	-
Impairment loss of property, plant and equipment	-	18,521	-	13,522
Haulage contractor costs	3,596	16,571	-	-
Transportation costs	5,468	26,248	432	1,851
Net exchange losses/ (gains):				
- unrealised	1,526	-	-	-
- realised	(2,807)	-	-	-
Gain on disposal of property, plant and equipment	(269)	(2,375)	(196)	(2,300)
Interest income	(1,978)	-	(26)	(2,654)
Rental income	-	(1,356)	-	(2,560)
Allowance for doubtful debts written back	-	(84)	-	(80)

The amount of research and development expenses that has been charged to the consolidated income statement for the financial year amounted to RM10,739,000 (2004: Nil).

8. Taxation

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current tax				
- Malaysian tax	98	2	98	-
- Foreign tax	7,778	-	-	-
	7,876	2	98	-
Deferred tax	(10,076)	(5,159)	(5,899)	(4,962)
Share of tax of associates	3,989	-	-	-
	1,789	(5,157)	(5,801)	(4,962)
Prior year's taxation:				
Income tax under provided	117	-	-	-
	1,906	(5,157)	(5,801)	(4,962)

8. Taxation (cont'd)

Tax reconciliation between the average effective tax rate and the Malaysian tax rate is as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Malaysian tax rate of 28%	18,637	(6,758)	1,357	(5,140)
Tax effect:				
- different tax regime	(517)	-	-	-
- expenses not deductible for tax purposes	1,470	846	3,706	578
- income not subject to tax	(13,445)	(1,443)	(5,825)	-
- current year's tax losses not recognised	130	1,614	-	-
- Unrecognised temporary differences	1,196	2,179	-	1,195
- Previously unrecognised tax losses	(495)	-	-	-
- credited from revaluation reserve	(148)	(1,595)	-	(1,595)
- deferred tax reversed on disposal of business	(5,039)	-	(5,039)	-
- Under/(over) accrual in prior years (net)	117	-	-	-
	1,906	(5,157)	(5,801)	(4,962)

Tax savings during the financial year due to the recognition of previously unrecognised tax losses amounted to RM495,000 (2004: Nil).

9. Earning/(loss) per share

(a) Basic earnings/(loss) per share:

		Group	
		2005	2004
Net profit/(loss) for the year	(RM'000)	55,036	(18,917)
Weighted average number of ordinary shares in issue	('000)	123,544	46,667
Basic earnings/(loss) per share	(sen)	44.55	(40.54)

(b) Fully diluted earnings/(loss) per share:

		Group	
		2005 RM'000	2004 RM'000
Net profit/(loss) for the year		55,036	(18,917)
Elimination of interest expense on ICULS, net of tax effect		266	-
Elimination of interest expense on RCULS, net of tax effect		2,835	-
Net profit/(loss) for the year		58,137	(18,917)
		'000	'000
Weighted average number of ordinary shares in issue		123,544	46,667
Adjustment for ICULS		37,857	-
Adjustment for RCULS		57,474	-
		218,875	46,667
Fully diluted earnings/(loss) per share	(sen)	26.56	(40.54)

Comparative earnings per share has been restated to take into account the effect of the bonus issue in the current financial year.

10. Dividends

	Group and Company 2005 Gross dividend, per share Sen	Amount of dividend, gross RM'000	Amount of dividend, net of tax RM'000
First interim dividend, paid on 30 September 2005	7.5	11,753	8,462
Second interim dividend, paid on 3 January 2006	4.5	7,055	5,080
	12.0	18,808	13,542
Proposed final dividend	6.0	9,910	7,135
Total dividends	18.0	28,718	20,677

At the forthcoming Annual General Meeting, the final dividend in respect of the financial year ended 31 December 2005 of 6 sen less 28% tax (2004: Nil) per ordinary share of RM1.00 each amounting to RM7.1 million (2004: Nil) will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accrued as a liability upon approval by shareholders.

The Directors did not recommend any dividend for the financial year ended 31 December 2004.

11. Property, plant and equipment

	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings, site office and storage RM'000	Transport, warehouse equipment RM'000	Machinery and technical equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
GROUP										
Net book value										
At 1 January 2005	258	19,916	5,351	25,771	48,176	-	1,774	221	2,163	103,630
Acquisition of subsidiaries	21,571	-	-	72,459	-	60,484	55,221	823	2,939	213,497
Acquisition of business	-	-	-	-	-	126	160	-	-	286
Additions	-	-	-	403	4	5,024	6,852	517	1,598	14,398
Disposal of business	-	(19,870)	(5,295)	(25,387)	(44,989)	-	(1,678)	(190)	(2,162)	(99,571)
Disposals	-	-	-	-	-	(6)	(82)	(38)	-	(126)
Write off	-	-	-	-	-	-	(2)	-	-	(2)
Transfer	-	-	-	-	-	58	645	-	(703)	-
Depreciation	-	(46)	(56)	(2,637)	(3,191)	(6,592)	(6,219)	(290)	-	(19,031)
Currency translation difference	254	-	-	6	-	(1,401)	(2,153)	(16)	(144)	(3,454)
At 31 December 2005	22,083	-	-	70,615	-	57,693	54,518	1,027	3,691	209,627
At 31 December 2005										
Cost	21,825	-	-	104,398	-	162,388	127,856	2,262	3,691	422,420
Valuation	320	-	-	-	-	-	-	-	-	320
Accumulated depreciation	-	-	-	(33,783)	-	(104,695)	(73,338)	(1,235)	-	(213,051)
Accumulated impairment losses	(62)	-	-	-	-	-	-	-	-	(62)
Net book value	22,083	-	-	70,615	-	57,693	54,518	1,027	3,691	209,627

11. Property, plant and equipment (cont'd)

	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings, site office and storage RM'000	Transport, warehouse equipment RM'000	Machinery and technical equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2004										
Cost	-	-	-	1,051	177,126	-	12,600	1,125	2,163	194,065
Valuation	320	25,281	7,090	34,479	-	-	-	-	-	67,170
Accumulated depreciation	-	(586)	(455)	(3,576)	(117,391)	-	(10,400)	(851)	-	(133,259)
Accumulated impairment losses	(62)	(4,779)	(1,284)	(6,183)	(11,559)	-	(426)	(53)	-	(24,346)
Net book value	258	19,916	5,351	25,771	48,176	-	1,774	221	2,163	103,630

	Freehold land RM'000	Long term leasehold land RM'000	Buildings, site office and storage RM'000	Transport, warehouse equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
COMPANY								
Net book value								
At1 January 2005	258	14,946	15,681	48,039	1,018	148	2,002	82,092
Additions	-	-	-	4	-	123	-	127
Disposals	-	(14,899)	(15,298)	(45,293)	(913)	(117)	(2,002)	(78,522)
Write off	-	-	-	-	(2)	-	-	(2)
Depreciation	-	(47)	(383)	(2,750)	(103)	(37)	-	(3,320)
At 31 December 2005	258	-	-	-	-	117	-	375
At 31 December 2005								
Cost	-	-	-	-	-	123	-	123
Valuation	320	-	-	-	-	-	-	320
Accumulated depreciation	-	-	-	-	-	(6)	-	(6)
Accumulated impairment losses	(62)	-	-	-	-	-	-	(62)
Net book value	258	-	-	-	-	117	-	375
At 31 December 2004								
Cost	-	-	585	155,423	7,708	726	2,002	166,444
Valuation	320	18,914	20,279	-	-	-	-	39,513
Accumulated depreciation	-	(382)	(1,421)	(95,858)	(6,446)	(542)	-	(104,649)
Accumulated impairment losses	(62)	(3,586)	(3,762)	(11,526)	(244)	(36)	-	(19,216)
Net book value	258	14,946	15,681	48,039	1,018	148	2,002	82,092

11. Property, plant and equipment (cont'd)

(a) The freehold land of a subsidiary has been charged for banking facilities granted as disclosed in note 20 and 24 in the financial statements.

(b) Net book value of assets under hire purchase and finance lease agreements:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Transport, warehouse equipment	-	35,464	-	35,464
Office equipment, furniture and fittings	-	11	-	11
Motor vehicles	-	168	-	97
	-	35,643	-	35,572

(c) Net book value of revalued property, plant and equipment had these assets been carried at cost less accumulated depreciation:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Freehold land	-	180	-	180
Long term leasehold land	-	20,920	-	13,446
Short term leasehold land	-	11,000	-	-
Buildings, site office and storage	-	41,092	-	29,087
	-	73,192	-	42,713

12. Intangible assets

	Goodwill RM'000	Trademarks RM'000	Development cost RM'000	Total RM'000
GROUP				
Net book value				
Acquisition of subsidiaries	63,706	17,977	2,242	83,925
Acquisition of business	15,349	-	-	15,349
Additions	-	-	900	900
Amortisation	-	-	(563)	(563)
Currency translation difference	(3,266)	(1,652)	(216)	(5,134)
At 31 December 2005	75,789	16,325	2,363	94,477
At 31 December 2005				
Cost	75,789	16,325	4,581	96,695
Accumulated amortisation	-	-	(2,218)	(2,218)
Net book value	75,789	16,325	2,363	94,477

There were no intangible assets in the previous financial year.

13. Subsidiaries

	Company 2005 RM'000	Company 2004 RM'000
Quoted shares, at cost	131,356	-
Unquoted shares at cost	18,608	642
Accumulated impairment losses	-	(210)
	149,964	432
Market value of quoted shares	275,422	-

Name of company	Country of Incorporation	Effective Percentage of Ownership		Principal Activities
2005				
Direct subsidiary				
Pelikan Holding AG (listed on Zurich Stocks Exchange)	Switzerland	87.64	*	Investment holding
Pelikan Japan K.K.	Japan	96.91	*	Distribution of stationeries and office products
Indirect subsidiaries				
Pelikan Faber-Castell (Schweiz) AG	Switzerland	65.73	*	Distribution of stationeries and office products
Günther Wagner SA	Switzerland	87.64	*	Dormant
Pelikan GmbH	Germany	87.64	*	Investment holding/service, real property
Pelikan Vertriebsgesellschaft mbH & Co. KG	Germany	87.64	*	Distribution of stationeries and office products
Pelikan PBS-Produktionsgesellschaft mbH & Co. KG	Germany	87.64	*	Production of stationeries and office products
Kreuzer Produktion + Vertrieb GmbH	Germany	87.64	*	Dormant
Pelikan PBS-Produktion Verwaltungs-GmbH	Germany	87.64	*	Dormant
Pelikan Vertrieb Verwaltungs-GmbH	Germany	87.64	*	Dormant
Pelikan Verwaltungs-GmbH	Germany	87.64	*	Dormant

13. Subsidiaries (cont'd)

Name of company	Country of Incorporation	Effective Percentage of Ownership		Principal Activities
Pelikan Italia S.p.a.	Italy	87.64	*	Distribution of stationeries and office products
Pelikan Benelux N.V./ S.A.	Belgium	87.64	*	Distribution of stationeries and office products
Pelikan Hellas E.P.E.	Greece	87.64	*	Distribution of stationeries and office products
Pelikan S.A.	Spain	87.64	*	Distribution of stationeries and office supplies
Pelikan Austria Ges.m.b.H.	Austria	87.64	*	Investment holding
G. Wagner Pelikan Maatschappij B.V.	Netherlands	87.64	*	Investment holding/ service, real property
Productos Pelikan S.A. de C.V.	Mexico	42.94	*	Production and distribution of stationeries and office products
Pelikan, Inc.	USA	87.64	*	Dormant
Pelikan Asia Sdn. Bhd.	Malaysia	87.64	*	Production and distribution of stationeries and office products
2004				
Direct subsidiaries				
Diperdana Kontena Sdn Bhd	Malaysia	100.00	*	Logistics and related services
Diperdana Selatan Sdn Bhd	Malaysia	100.00	*	Logistics and related services
Diperdana Utara Sdn Bhd	Malaysia	100.00	*	Logistics and related services
Diperdana Terminal Services Sdn Bhd	Malaysia	97.00	*	Logistics and related services
Diperdana Indah Sdn Bhd	Malaysia	100.00	*	Dormant
Diperdana Logistics Sdn Bhd	Malaysia	100.00	*	Dormant
Diperdana Realty Sdn Bhd	Malaysia	100.00	*	Dormant
Diperdana Engineering Sdn Bhd	Malaysia	100.00	*	Dormant

* Financial statements of subsidiaries as at 31 December 2005 not audited by Ong Boon Bah & Co.

14. Investments in associates

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Quoted shares, at cost	64,158	-	64,158	-
Unquoted shares, at cost	21,158	-	-	-
Share of post acquisition reserves	8,156	-	-	-
Currency translation differences	(2,017)	-	-	-
	91,455	-	64,158	-
Group's share of net assets	91,455	-	-	-
Market value of quoted shares	20,500	-	20,500	-

The quoted shares have not been adjusted to their market value on the basis that the underlying net assets per share are above their market price.

The associated companies are:

Name of company	Country of Incorporation	Effective Percentage of Ownership		Principal Activities
Direct associates				
Konsortium Logistik Berhad (listed on Bursa Malaysia Securities Berhad)	Malaysia	20.77	*	Logistics and related services
Indirect associates				
Columbia Pelikan PTY Limited	Australia	35.06	*	Production and distribution of stationeries and office products
Faber-Castell Pelikan Austria GmbH	Austria	43.82	*	Distribution of stationeries and office products
Indistri S.A.	Colombia	17.53	*	Production and distribution of stationeries and office products
QUADRIGA plus GmbH	Germany	21.91	*	Dormant
Henkel-Pelikan Office Products Ltd.	Greece	42.94	*	Distribution of stationeries and office products
Artof C.A.	Venezuela	21.91	*	Dormant

* Financial statements of associated companies as at 31 December 2005 not audited by Ong Boon Bah & Co.

15. Long term investments

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Shares at cost in quoted corporation	2,539	-	-	-
Shares at cost in an unquoted corporation	52	1	-	-
Corporate club membership, at cost	-	220	-	220
	2,591	221	-	220
Market value of quoted shares	2,555	-	-	-

16. Pension Trust Fund

	Group and Company	
	2005 RM'000	2004 RM'000
Current	26,130	-
Non-current	187,770	-
	213,900	-

Pursuant to the Acquisitions of Pelikan (Note 3), part of the defined benefits retirement plans of the PHAG Group in Germany ("Removable Pension Liabilities") is funded by a 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 Pelikan. 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.

Liabilities funded by Pension Trust Fund	176,969	-
Liabilities assumed by the Company	65,087	-
	242,056	-
Other post employment benefit obligationsof the Group	27,859	-
Total post employment benefit obligations	269,915	-

As at 31 December 2005, the value of the Pension Trust Fund was RM267.182 million as compared to the liabilities assumed by the Pension Trust Fund of RM176.969 million and the liabilities assumed by the Company of RM65.087 million.

17. Deferred tax assets/(liabilities)

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Deferred tax assets	11,159	-	2,380	-
Deferred tax liabilities				
- subject to income tax	(2,753)	(5,887)	(2,408)	(5,887)
- subject to capital gains tax	(4,424)	(7)	-	(7)
	(7,177)	(5,894)	(2,408)	(5,894)
	3,982	(5,894)	(28)	(5,894)
At 1 January	(5,894)	(11,053)	(5,894)	(10,856)
Acquisition of subsidiaries	828	-	-	-
Credited/ (charged) to income statement	-	-	-	-
- tax losses	1,181	-	-	-
- property, plant and equipment	6,422	6,538	5,894	5,345
- inventories	2,211	-	-	-
- others	262	(1,379)	5	(383)
	10,076	5,159	5,899	4,962
Currency translation differences	(995)	-	-	-
Deferred tax on ICULS/RCULS	(33)	-	(33)	-
At 31 December	3,982	(5,894)	(28)	(5,894)
Subject to income tax:				
Deferred tax assets				
Tax losses	7,957	-	-	-
ICULS/ RCULS	2,380	-	2,380	-
Others	822	-	-	-
	11,159	-	2,380	-
Deferred tax liabilities:				
Property, plant and equipment	(1,486)	(5,887)	-	(5,887)
ICULS/ RCULS	(2,408)	-	(2,408)	-
Others	1,141	-	-	-
	(2,753)	(5,887)	(2,408)	(5,887)
Subject to capital gains tax:				
Deferred tax liabilities:				
Property, plant and equipment	(4,424)	(7)	-	(7)

The tax effect of the amount of unutilised tax losses, capital allowances and deductible temporary differences on property, plant and equipment for which no deferred tax asset is recognised in the balance sheet are as follows:

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Deductible temporary differences	-	3,516	-	1,367
Unutilised tax losses and capital allowances	422,087	8,353	-	2,981

18. Inventories

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At cost				
Raw materials	14,876	-	-	-
Work in progress	26,436	-	-	-
Finished goods	73,515	-	-	-
Consumable inventories	-	115	-	-
	114,827	115	-	-
At net realisable value				
Finished goods	22,014	-	-	-
	136,841	115	-	-

19. Receivables, deposits & prepayments

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade receivables	126,850	28,667	-	1,286
Allowance for doubtful debts	(4,219)	(7,806)	-	(1,286)
	122,631	20,861	-	-
Amounts receivables from:				
- Subsidiaries	-	-	4,035	36,064
- Holding company	29,729	-	-	-
- Associates	5,869	-	3,698	-
- Others	8,335	2,007	22	986
Prepayments	976	493	-	114
Sundry deposits	184	1,425	-	1,305
	167,724	24,786	7,755	38,469

The currency exposure profile of receivables, deposits and prepayments is as follows:

- Ringgit Malaysia	12,474	24,786	7,755	38,469
- Euro	98,745	-	-	-
- Swiss Franc	28,007	-	-	-
- Mexican Peso	11,558	-	-	-
- Japanese Yen	7,638	-	-	-
- US Dollar	9,302	-	-	-
	167,724	24,786	7,755	38,469

The fair values of trade and other receivables closely approximate their book value.

Credit terms offered by the Group in respect of trade receivables range from 30 – 110 days (2004: no credit to 90 days) from date of invoices.

20. Cash and cash equivalents

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Deposits with licensed banks	8,038	-	5,800	-
Bank and cash balances	34,094	1,364	770	1
Deposits, bank and cash balances	42,132	1,364	6,570	1
Bank overdrafts (note 24)	(20,026)	(6,373)	-	(5,046)
	22,106	(5,009)	6,570	(5,045)

Interest rate per annum of deposits and bank overdrafts that was effective as at balance sheet date were as follows:

	Group 2005 %	Group 2004 %	Company 2005 %	Company 2004 %
Deposits with licensed banks	2.10 - 2.80	-	2.10 - 2.80	-

The weighted average effective interest rates per annum of deposits and bank overdrafts are as follows:

	Group 2005 %	Group 2004 %	Company 2005 %	Company 2004 %
Deposits with licensed banks	2.20	-	2.30	-

The deposits of the Group and Company as at 31 December 2005 have maturity periods ranging between overnight and one month.

Bank balances of the Group and Company are held at call.

The currency exposure profile of cash and cash equivalents is as follows:

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
- Ringgit Malaysia	7,079	(5,009)	6,570	(5,045)
- Euro	(11,990)	-	-	-
- Swiss Franc	3,515	-	-	-
- Mexican Peso	12,637	-	-	-
- Japanese Yen	1,620	-	-	-
- US Dollar	9,245	-	-	-
	22,106	(5,009)	6,570	(5,045)

21. Payables

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Trade payables	47,149	14,087	-	382
Amounts payable to:				
- Subsidiaries	-	-	5,969	586
- Associates	1,298	-	-	-
- Other payables	30,022	9,523	7,381	4,307
Accruals:				
- Staff costs	13,737	-	717	-
- Bonus to customers	9,618	-	-	-
- ICULS/RCULS interest	4,290	-	4,290	-
Deposits received	-	2,861	-	139
Dividends payable	5,080	-	5,080	-
	111,194	26,471	23,437	5,414

The fair values of trade and other receivables closely approximate their book value.

Credit terms of trade payables granted to the Group and Company vary from no credit to 90 days (2004: no credit to 90 days). Amounts payable to subsidiaries and associates are unsecured, interest free and repayable within one year.

The currency exposure profile of receivables, deposits and prepayments is as follows:

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
- Ringgit Malaysia	21,507	26,471	23,437	5,414
- Euro	70,752	-	-	-
- Swiss Franc	3,791	-	-	-
- Mexican Peso	8,427	-	-	-
- Japanese Yen	1,684	-	-	-
- US Dollar	5,033	-	-	-
	111,194	26,471	23,437	5,414

22. Post employment benefit obligations

The Group operates mainly an unfunded final salary defined benefits retirement plans for its employees in Germany. The latest actuarial valuations of the plans in Germany were carried out in 2005.

	Group 2005: Removable Pension Liabilities – Funded by Pension Trust Fund RM'000	Group 2005: Removable Pension Liabilities – Assumed by the Company RM'000	Group 2005: Others RM'000	Group 2005: Total RM'000	Group 2004 RM'000
Current	13,658	-	1,171	14,829	-
Non-current	163,311	65,087	26,688	255,086	1,223
	176,969	65,087	27,859	269,915	1,223

22. Post employment benefit obligations (cont'd)

Pursuant to the Acquisitions of Pelikan (Note 3), part of the defined benefits retirement plans of the PHAG Group in Germany ("Removable Pension Liabilities") is now funded by the 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 Pelikan. 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.

The movements during the financial year in the amounts recognised in the the consolidated balance sheet are as follows:

	Removable Pension Liabilities			Group	
				2005	2004
	Funded by Pension Trust Fund	Assumed by the Company	Others	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	-	-	1,223	1,223	1,028
Acquisition of subsidiaries	212,647	65,087	29,891	307,625	-
Expenses charged to income stmt	10,026	-	1,030	11,056	248
Disposal of business	-	-	(1,267)	(1,267)	-
Utilised during the year	(20,647)	-	(410)	(21,057)	(53)
Currency translation difference	(25,057)	-	(2,608)	(27,665)	-
At 31 Dec	176,969	65,087	27,859	269,915	1,223

	Company	
	2005	2004
	RM'000	RM'000
Current	-	-
Non-current	-	2
	-	2
At 1 January	2	2
Disposal of business	(2)	-
At 31 December	-	2

The amount recognised in the consolidated balance sheet may be analysed as follows:

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Present value of funded obligations	1,487	-	-	-
Fair value of plan assets	(483)	-	-	-
Status of funded plan	1,004	-	-	-
Present value of unfunded obligations	294,472	1,409	-	2
Unrecognised actuarial losses	(26,798)	(26)	-	-
Unrecognised transitional liabilities	-	(160)	-	-
Unrecognised past service cost	1,237	-	-	-
	269,915	1,223	-	2

22. Post employment benefit obligations (cont'd)

The expense recognised in the consolidated income statement may be analysed:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current service cost	171	110	-	-
Interest cost	10,816	85	-	-
Amortisation of transitional liability	13	53	-	-
Expected return on plan assets	(3)	-	-	-
Unrecognised past service cost	59	-	-	-
Total included in staff costs	11,056	248	-	-

The principal actuarial assumptions used in respect of the Group's defined benefit plans were as follows:

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Discount rate	4.25	7.00	-	7.00
Expected return on plan assets	5.00	-	-	-
Expected rate of salary increases	2.50	5.00	-	5.00

23. Provisions

			Group
	Warranty RM'000	Employee related benefits RM'000	Total RM'000
Acquisition of business	1,725	25,606	27,331
Charged to income statement	403	4,019	4,422
Utilised during the year	-	(5,644)	(5,644)
Currency translation differences	(176)	(2,104)	(2,280)
At 31 December 2005	1,952	21,877	23,829
Current	1,343	3,170	4,513
Non-current	609	18,707	19,316
	1,952	21,877	23,829

24. Borrowings

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Current				
Revolving credits	1,344	22,200	-	22,200
Discounted bills	3,271	-	-	-
Short term loans	11,187	-	-	-
Bank overdraft	20,026	6,373	-	5,046
Hire purchase and lease payables	-	7,648	-	7,623
Term loans	-	3,069	-	3,069
	35,828	39,290	-	37,938
Non-current				
Hire purchase and lease payables	-	4,873	-	4,852
Term loans	-	1,144	-	1,144
	-	6,017	-	5,996
Total				
Revolving credits	1,344	22,200	-	22,200
Discounted bills	3,271	-	-	-
Short term loans	11,187	-	-	-
Bank overdraft	20,026	6,373	-	5,046
Hire purchase and lease payables	-	12,521	-	12,475
Term loans	-	4,213	-	4,213
	35,828	45,307	-	43,934

Range of fixed and floating interest rate per annum:

	Group 2005 %	Group 2004 %	Company 2005 %	Company 2004 %
Revolving credit (secured)	-	5.15 - 9.50	-	5.15 - 9.50
Revolving credit (unsecured)	4.78	-	-	-
Discounted bills (secured)	3.75 - 8.25	-	-	-
Short term loans (secured)	4.44	-	-	-
Short term loans (unsecured)	3.35	-	-	-
Bank overdraft (secured)	3.10 - 6.50	-	-	-
Bank overdraft (unsecured)	3.15 - 6.25	5.15 - 9.50	-	5.15 - 9.50
Hire purchase and lease payables (secured)	-	5.00	-	5.00
Term loans (secured)	-	7.28 - 8.75	-	7.28 - 8.75

24. Borrowings (cont'd)

Contractual terms of borrowings:

	Weighted average effective interest rate %	Functional currency	Total carrying amount RM'000	Maturity profile < 1 year RM'000	1 – 5 years RM'000
Group					
2005					
Unsecured					
Revolving credits	4.78	Euro	1,344	1,344	-
Short term loans	3.35	Euro	4,473	4,473	-
Bank overdraft	3.21	Euro	6,014	6,014	-
			11,831	11,831	-
Secured					
Short term loans	4.44	Euro	6,714	6,714	-
Discounted bills	5.26	Euro	3,271	3,271	-
Bank overdraft	3.51	Euro	14,012	14,012	-
			23,997	23,997	-
			35,828	35,828	-
2004					
Unsecured					
Bank overdraft	8.05	RM	6,373	6,373	-
Secured					
Revolving credits	6.89	RM	22,200	22,200	-
Hire purchase and lease payables	5.00	RM	12,521	7,648	4,873
Term loans	8.54	RM	4,213	3,069	1,144
			38,934	32,917	6,017
			45,307	39,290	6,017

Discounted bills are secured by way of fixed and floating charges over subsidiaries' receivables. Short term loans are secured over the freehold land of a subsidiary.The secured bank overdrafts are secured by way of fixed and floating charges over the subsidiaries' receivables and freehold land.

24. Borrowings (cont'd)

Contractual terms of borrowings:

	Weighted average effective interest rate %	Functional currency	Total carrying amount RM'000	Maturity profile < 1 year RM'000	1 – 5 years RM'000
Company					
2004					
Secured					
Revolving credits	6.89	RM	22,200	22,200	-
Bank overdraft	8.05	RM	5,046	5,046	-
Hire purchase and lease payables	5.00	RM	12,475	7,623	4,852
Term loans	8.54	RM	4,213	3,069	1,144
			43,934	37,938	5,996

Hire purchase and lease payables:

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Minimum hire purchase and lease payment:				
- Not later than 1 year	-	7,937	-	7,912
- Later than 1 year and not later than 2 years	-	5,348	-	5,323
- Later than 2 years and not later than 5 years	-	324	-	324
	-	13,609	-	13,559
Future finance charges on hire purchase and lease payables	-	(1,088)	-	(1,084)
	-	12,521	-	12,475
Present value of hire purchase and lease payables:				
- Not later than 1 year	-	7,648	-	7,623
- Later than 1 year and not later than 2 years	-	4,230	-	4,219
- Later than 2 years and not later than 5 years	-	643	-	633
	-	12,521	-	12,475

The fair values of hire purchase and lease creditors at balance sheet date were as follows:

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Hire purchase and lease payables	-	12,049	-	12,005

The above fair values are determined based on future contracted cash flows discounted at current market interest rates available for similar financial instruments.

25. Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and Redeemable Convertible Unsecured Loan Stocks ("RCULS")

On 8 April 2005, the Company issued 98,900,000 5-year 3% ICULS at a nominal value of RM1.00 each and 115,000,000 5-year 3% RCULS at a nominal value of RM1.00 each. The ICULS and RCULS are constituted by the Trust Deeds dated 5 April 2005 entered into between the Company and the trustee, AmTrustee Berhad. The salient features of the ICULS/RCULS are set out below:-

(i) The ICULS/ RCULS bear interest at 3% per annum payable annually on 8 April calculated in respect of the period commencing from date of the issue of ICULS/ RCULS on 8 April 2005.

(ii) The registered holders of the ICULS/ RCULS have the option at any time from issue date on 8 April 2005 till 8 April 2010 ("Maturity Date") to convert the ICULS/ RCULS into new ordinary shares in the Company at RM1.50 nominal amount of the ICULS/ RCULS respectively per ordinary share of RM1.00 each (hereinafter referred to as "Conversion Price"). The Conversion Price will be subject to adjustment under certain circumstances in accordance with the provision of the Trust Deeds dated 5 April 2005. Such circumstances being a change in the par value of the shares, a bonus issue, a capital distribution, a rights issue, and an issue of shares by the Company where the total effective consideration for each share is less than 90% of the current market price for each share.

(iii) Any outstanding ICULS will automatically be converted into new ordinary shares by the Company on 8 April 2010 at the conversion mode stated in (ii). The ICULS will not redeemable by the Company in cash.

(iv) Unless otherwise converted, the Company shall redeem all outstanding RCULS in cash at 100% of their nominal value on the Maturity Date. There shall be no early redemption of the RCULS. However, the RCULS shall immediately be repayable if the Company does not comply with the terms of payment under the Trust Deeds constituting the RCULS subject to any applicable grace periods or cure period therein.

(v) The ICULS/ RCULS shall be direct, unsecured and unconditional obligations of the Company and shall rank pari passu in all respects, without priority amongst the respective holders and with all other present and future unsecured and unsubordinated obligations of the Company from time to time outstanding, but shall be subordinated to all other obligations and liabilities of the Company which are preferred solely by the laws of Malaysia.

In the event that the Company is liquidated, all conversion rights which have not been exercised, shall lapse and the ICULS/ RCULS will become due and payable. The holders of the ICULS/ RCULS shall not have any rights to participate in any distributions and/or offers of further securities to be made by the Company unless otherwise resolved by the Company in general meeting.

(vi) The new shares allotted and issued upon conversion of the ICULS/ RCULS will be considered as fully paid-up and shall rank pari passu in all respects with the existing ordinary shares of the Company, except that they will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the allotment date of such new shares.

(vii) The ICULS/RCULS are listed on the Bursa Malaysia Securities Berhad.

(viii) The RCULS are rated by Rating Agency Malaysia Berhad with a long term rating of A2. A rating of "A" denotes adequate safety for timely payment of interest and principal. However, it is more susceptible to changes in circumstances and economic conditions than debts in higher rated categories. The subscript "$_2$" indicates a mid ranking.

25. Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and Redeemable Convertible Unsecured Loan Stocks ("RCULS") (cont'd)

The ICULS and RCULS recognised in the balance sheet are as follows:

	ICULS RM'000	RCULS RM'000	Total RM'000
Face value issued on 8 April 2005	98,900	115,000	213,900
Equity conversion component	(89,651)	(7,170)	(96,821)
Deferred tax asset/ (liability)	3,597	(2,788)	809
Liability component on initial recognition	12,846	105,042	117,888
Interest expense liability	(1,704)	(2,586)	(4,290)
Conversion of ICULS/ RCULS during the financial year	(3,387)	331	(3,056)
Interest expense	370	3,936	4,306
Deferred tax income/ (expense)	374	(379)	(5)
At 31 December 2005	8,499	106,344	114,843
Current	2,086	3,166	5,252
Non-current	6,413	103,178	109,591
	8,499	106,344	114,843

Interest expense on the ICULS/ RCULS is calculated on the effective yield basis by applying the interest rate of 5% per annum.

26. Share capital

	Group and Company 2005 RM'000	2004 RM'000
Authorised:		
Ordinary shares of RM1.00 each	500,000	500,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
At 1 January	35,000	35,000
Issued during the financial year		
- bonus issue	11,667	-
- acquisition of subsidiaries	96,707	-
- exercise of ICULS	15,458	-
- exercise of RCULS	35	-
At 31 December	158,867	35,000

On 1 April 2005, the Company made a bonus issue of 11,666,666 new ordinary shares of RM1.00 each on the basis of one (1) new share for every three (3) existing shares held.

Following the completion of the corporate exercise, the following shares were issued as partial discharge of purchase consideration for Pelikan Holding AG and Pelikan Japan KK:

26. Share capital (cont'd)

On 8 April 2005,

(i) 93,214,213 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.50 per share;

(ii) RM98,900,000 nominal value of 3% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") in the Company, issued at 100% of the nominal value of RM1.00 each;

(iii) RM115,000,000 nominal value of 3% Redeemable Convertible Unsecured Loan Stocks ("RCULS") in the Company, issued at 100% of the nominal value of RM1.00 each.

On 5 May 2005, 3,493,280 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.50 per share.

During the year, 15,492,851 new ordinary shares of RM1.00 each were issued by the Company by virtue of the conversion of ICULS and RCULS at the conversion price of RM1.50 per share. The shares rank pari passu in all respects with the existing ordinary shares of the Company.

27. Revaluation and other reserves

	Revaluation reserve RM'000	Reserve on consolidation RM'000	Currency translation differences RM'000	ICULS RM'000	RCULS RM'000	Total RM'000
At 1 January 2004	5,825	356	-	-	-	6,181
Impairment loss	(5,825)	-	-	-	-	(5,825)
Loss not recognised in income statement	(5,825)	-	-	-	-	(5,825)
At 31 December 2004	-	356	-	-	-	356
Release on disposal of business	-	(356)	-	-	-	(356)
Issue of shares:						
- acquisition of subsidiaries	-	-	-	89,651	7,170	96,821
Exercise of ICULS	-	-	-	(21,016)	-	(21,016)
Exercise of RCULS	-	-	-	-	(4)	(4)
Currency translation differences	-	-	3,074	-	-	3,074
Gain not recognised in income statement	-	-	3,074	-	-	3,074
As at 31 December 2005	-	-	3,074	68,635	7,166	78,875

28. Retained earnings

There are sufficient Section 108 tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of all its retained earnings as at 31 December 2005. In addition, the Company has tax exempt account available to frank tax exempt dividends amounting to approximately RM15 million (2004: RM15 million) as at 31 December 2005, subject to the agreement by the Inland Revenue Board.

29. Comparative figures

Due to change in business activities in the current financial year, comparatives have been reclassified to conform with current year presentation.

30. Capital commitments

	Group and Company	
	2005	**2004**
	RM'000	**RM'000**
Capital commitments authorised and contracted for:		
Property, plant and equipment	2,775	-

31. Non-cancellable operating lease commitments

	Group	
	2005	**2004**
	RM'000	**RM'000**
Future minimum lease payments:		
Not later than 1 year	9,993	-
Later than 1 year and not later than 5 years	30,221	-
Later than 5 years	2,587	-
	42,801	-

32. Contingent liabilities

A claim has been made against the Company in the Industrial Court by some ex-employees of the Company alleging that their dismissals were without just cause or excuse and/or in breach of natural justice. The claimants pray for reinstatement and/or compensation in lieu thereof for wrongful dismissal, loss of earnings, termination benefits, bonus, allowance and payments due to them. The Company is disputing any liability as the claimants are not the right party to the said claim. As such, a quantum for contingency liability cannot be reasonably ascertained. The hearing at the Industrial Court will be held from 12 to 14 June 2006.

In relation to the contingent liability of the Company as disclosed above, pursuant to the Sale of Business Agreement entered into between Konsortium Logistik Berhad ("KLB") and the Company dated 16 November 2001 in respect of the disposal of the entire previous logistics business undertaking of the Group, KLB has agreed to assume and undertakes to be responsible for any and all liabilities relating to the previous logistics business undertaking disposed, including all liabilities pursuant to any claims, litigation, arbitration, prosecution or mediation or other legal proceedings against or involving the Company and relating to the business undertaking of the Company being disposed of to KLB, whether made or commenced prior to or on the completion date of the disposal of the entire previous logistics business undertaking by the Group to KLB.

33. Significant related party transactions

In addition to related party disclosures mentioned elsewhere in the financial statements, recurrent related party transactions entered into by the Company and its subsidiaries during the year ended 31 December 2005 are set out below. These transactions were carried out on terms, conditions and prices obtainable in transactions with unrelated parties.

	2005	**2004**
	RM'000	**RM'000**
Sales of goods to associates:		
- Faber-Castell Pelikan Austria GmbH	7,660	-
- Pelikan Argentina S.A.	1,668	-
- Indistri S.A.	140	-
- Columbia Pelikan PTY Limited	150	-
Sales of stationeries and office supplies to KLB group	499	-
Purchase of logistics services from KLB group	218	-
Rental of buildings from KLB group	160	-
Sale of data/ video projectors and related office equipment to Geha	1,622	-

33. Significant related party transactions (cont'd)

KLB group (Konsortium Logistik Berhad and its subsidiaries) is an associated company of the Group. Loo Hooi Keat, a director and major shareholder of PICB, is also a director and shareholder of Konsortium.

Geha (Geha-Werke GmbH) is a subsidiary of Office Express Network Sdn Bhd. Loo Seow Beng is a director and major shareholder of Office Express Network Sdn Bhd. He is the brother of Loo Hooi Keat.

34. Significant post balance sheet event

i) On 15 February 2006, the Company had incorporated a new wholly owned subsidiary in Switzerland, Pelikan Produktions AG (also can be known as Pelikan Production SA and Pelikan Production Ltd), whereby the Company had subscribed for 100 bearer shares of a nominal value of CHF1,000 each at an issue price of CHF1,000 per share in Pelikan Produktions AG. The intended principal activities of Pelikan Produktions AG are the production and distribution of technical products. On 24 February 2006, Pelikan Produktions AG entered into an asset purchase agreement with Pelikan Hardcopy Production AG to purchase fixed assets and inventories from Pelikan Hardcopy Production AG for a total consideration of EUR6 million. This purchase is in line with the Group's effort to re-consolidate the PELIKAN brand name after the split of the hardcopy division by Pelikan Holding AG through a restructuring exercise more than 10 years ago. Pelikan Hardcopy Holding AG group ("Pelikan Hardcopy") is the largest independent non OEM ("Original Equipment Manufacturer") manufacturer and distributor of imaging supplies and printer accessories in Europe with a recognized brand name. These products include inkjet, toner, thermal transfer, office media and impact cartridges etc. Pelikan Hardcopy operates primarily in Europe and partly in Asia.

ii) On 23 February 2006, the Company proposed to undertake a bonus issue of up to 57,194,813 new ordinary shares in the Company ("PICB Shares"), on the basis of one (1) new PICB Share for every five (5) existing PICB Shares on a date to be determined and announced later by the Board ("Entitlement Date"). Any fractional entitlements arising from the Proposed Bonus Issue shall be dealt with in such manner as the Board, in their absolute discretion, deem fit and expedient in the interest of the Company. The Company expects to submit the relevant application to the authorities within three (3) months from the date of the announcement. The proposed bonus issue is subject to shareholders' approval in the forthcoming extraordinary general meeting of shareholders of the Company.

iii) On 15 March 2006 the Company entered into a Sale and Purchase Agreement ("SPA") with the relevant parties for the acquisition of the remaining 51.03% stake in the Mexican company, Productos Pelikan S.A. de C.V. ("Pelikan Mexico") for a total purchase consideration of USD8,500,000 (approximately RM32,300,000). The acquisition was completed on 24 March 2006. Pelikan Holding AG, a subsidiary of the Company, currently owns 48.97% of Pelikan Mexico. Pelikan Mexico is a subsidiary company of Pelikan Holding AG by virtue of management control. With this acquisition, Pelikan Mexico became wholly owned by the Group. Pelikan Mexico is one of the Group's profitable operations principally engaged in the manufacturing and distribution of PELIKAN products particularly in the Latin America region. The acquisition of the remaining 51.03% shares in Pelikan Mexico is a logical move for the Group to further expand its market in the American continent.

iv) On 7 April 2006, the Company entered into a Business Purchase Agreement with Pelikan Singapore-Malaysia Pte Ltd, a wholly owned subsidiary of PBS Office Supplies Holding Sdn Bhd (formerly known as Pelikan Holding Sdn Bhd) ("PBS") for the acquisition of the entire business operations of Pelikan Singapore-Malaysia Pte Ltd Taiwan Branch ("PSM Taiwan") for a total consideration of RM1,500,000 to be satisfied by cash upon completion of the said acquisition. This acquisition is in line with the Securities Commission's call for PBS group to transfer to the Company or terminate all operations of PELIKAN in Malaysia, in connection with their sales of Pelikan Holding AG to the Company. The business acquisition also enables the Company to have better control over its distribution of products in Taiwan. With a direct ownership, the Company is set to provide more effective marketing support to boost market share in Taiwan.

Analysis of Shareholdings

Analysis of Shareholdings as at 28 April 2006

Authorised Share Capital	:	RM500,000,000
Issued And Paid-Up Capital	:	RM165,163,516
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One (1) vote per Ordinary Share

Statement of Directors' Shareholdings as at 28 April 2006

Name of Directors	No. of Ordinary Shares held			
	Direct Interest	%	Indirect Interest	%
1. Loo Hooi Keat	369,800	0.22	62,394,433#	37.78
2. Syed Hussin bin Shaikh Al Junid	-	-	-	-
3. Haji Abdul Ghani bin Ahmad	-	-	-	-
4. Tan Sri Musa bin Mohamad	-	-	-	-

Notes:
Deemed interested by virtue of substantial shareholdings in PBS Office Supplies Holding Sdn Bhd (formerly known as Pelikan Holding Sdn Bhd) ("PBS").

Name of Directors	No. of Irredeemable Convertible Unsecured Loan Stock ("ICULS") held			
	Direct Interest	%	Indirect Interest	%
1. Loo Hooi Keat	-	-	65,800,000#	99.23
2. Syed Hussin bin Shaikh Al Junid	-	-	-	-
3. Haji Abdul Ghani bin Ahmad	-	-	-	-
4. Tan Sri Musa bin Mohamad	-	-	-	-

Notes:
Deemed interested by virtue of substantial shareholdings in PBS.

Name of Directors	No. of Redeemable Convertible Unsecured Loan Stock ("RCULS") held			
	Direct Interest	%	Indirect Interest	%
1. Loo Hooi Keat	-	-	114,900,000#	99.98
2. Syed Hussin bin Shaikh Al Junid	-	-	-	-
3. Haji Abdul Ghani bin Ahmad	-	-	-	-
4. Tan Sri Musa bin Mohamad	-	-	-	-

Notes:
Deemed interested by virtue of substantial shareholdings in PBS.

Statement of Substantial Shareholders as at 28 April 2006

Name of Substantial Shareholders	No. of Ordinary Shares held Direct Interest	%	Indirect Interest	%
1. PBS Office Supplies Holding Sdn Bhd (formerly known as Pelikan Holding Sdn Bhd) ("PBS")	49,894,433	30.21	12,500,000*	7.57
2. Pelikan Singapore-Malaysia Pte Ltd	12,000,000	7.27	-	-
3. Loo Hooi Keat	369,800	0.22	62,394,433**	37.78
4. Marktrade Sdn Bhd	-	-	62,394,433**	37.78
5. Teoh Suat Ean	-	-	62,394,433#	37.78
6. Peringkat Prestasi (M) Sdn Bhd	-	-	64,722,433**	39.19
7. Mirzan bin Mahathir	-	-	64,722,433##	39.19
8. Pembinaan Redzai Sdn Bhd	14,933,334	9.04	-	-
9. Tan Sri Datuk Gnanalingam A/L Gunanathlingam	1,066,667	0.65	14,933,334@	9.04
10. Ahmayuddin bin Ahmad	-	-	14,933,334@	9.04
11. Arisaig Asean Fund Limited	12,298,800	7.45	-	-

Notes:
* Deemed interested by virtue of substantial shareholdings in Pelikan Singapore-Malaysia Pte Ltd and the pension trust fund set up by PBS Office to provide for pension payments to entitled persons in relation to the acquisition of Pelikan Holding AG by the Company on 8 April 2005.
** Deemed Interested by virtue of substantial shareholdings in PBS.
# Deemed interested by virtue of substantial shareholdings in Marktrade Sdn Bhd.
Deemed Interested by virtue of substantial shareholdings in Peringkat Prestasi (M) Sdn Bhd.
@ Deemed Interested by virtue of substantial shareholdings in Pembinaan Redzai Sdn Bhd.

Statistics on Shares and Convertible Securities as at 28 April 2006

Size of Shareholdings as at 28 April 2006

Size of Ordinary Shareholdings	No. of Holders	%	No. of Ordinary Shares	%
1 – 99	90	3.21	3,728	0.00
100 – 1,000	169	6.03	127,233	0.08
1,001 – 10,000	2,161	77.07	6,271,907	3.80
10,001 – 100,000	315	11.23	8,918,002	5.40
100,001 to less than 5% of the issued shares	65	2.32	78,387,179	47.46
5% and above of issued shares	4	0.14	71,455,467	43.26
Total	2,804	100.00	165,163,516	100.00

Top 30 Securities Account Holders as at 28 April 2006

Name	No. of Ordinary Shares	%
AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for PBS	35,713,333	21.62
AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pembinaan Redzai Sdn Bhd	14,933,334	9.04
HSBC Nominees (Asing) Sdn Bhd HSBC-FB for Arisaig Asean Fund Limited	12,298,800	7.45
AMMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for PBS	8,510,000	5.15
ECM Libra Securities Nominees (Tempatan) Sdn Bhd ECM Libra Investment Bank Limited	7,860,500	4.76
Lembaga Tabung Haji Lembaga Tabung Haji, Bhg Pemerosesan Pelaburan	7,589,300	4.60
Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Dijelas Company S.A.	6,764,666	4.10
Malaysian Trustees Berhad Pelikan Singapore – Malaysia Pte Ltd	6,000,000	3.63
UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for Pelikan Singapore – Malaysia Pte Ltd	6,000,000	3.63
ECM Libra Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for PBS	5,767,100	3.49
Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Prudential Assurance Malaysia Berhad	3,951,700	2.39
Citigroup Nominees (Asing) Sdn Bhd GSCD for Amaranth LLC	3,400,000	2.06
Employees Provident Fund Board Seksyen Depositori Pusat	2,501,334	1.51
HSBC Nominees (Asing) Sdn Bhd Exempt AN for The HongKong and Shanghai Banking Corporation Limited (HBFS-B CLT 500)	2,218,200	1.34
Konsortium Logistik Berhad	1,862,667	1.13

Top 30 Securities Account Holders as at 28 April 2006 (cont'd)

Name	No. of Ordinary Shares	%
ECM Libra Securities Nominees (Asing) Sdn Bhd ECM Libra Securities Limited for Eastasia International Group Limited	1,696,666	1.03
HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Hwang-DBS Select Small Caps Fund (4579)	1,695,734	1.03
Citigroup Nominees (Asing) Sdn Bhd Citigroup GM Inc for OCBC Securities Private Limited	1,562,720	0.95
AMMB Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for HLG Dividend Fund (HLGDF)	1,500,000	0.91
HDM Nominees (Tempatan) Sdn Bhd OCBC Securities Pte Ltd for Chia Kwoon Meng	1,373,500	0.83
Manulife Insurance (Malaysia) Berhad	1,162,534	0.70
AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gnanalingam A/L Gunanath Lingam	1,066,667	0.65
HLG Nominee (Tempatan) Sdn Bhd PD Trustee Services Berhad for HLG Growth Fund	1,038,600	0.63
Kurnia Insurans (Malaysia) Berhad	1,000,000	0.61
Universal Trustee (Malaysia) Berhad Alliance Optimal Income Fund	918,300	0.56
Allianz Life Insurance Malaysia Berhad	873,000	0.53
Allianz Life Insurance Malaysia Berhad MBA Life Assurance Berhad	532,700	0.32
Safuan bin Basir	510,080	0.31
Malaysian Trustees Berhad PBS	500,000	0.30
HSBC Nominees (Asing) Sdn Bhd Exempt AN for J.P. Morgan Bank Luxembourg S.A.	486,300	0.29

Analysis of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") 2005/2010 as at 28 April 2006

Size of ICULS Holdings as at 28 April 2006

Size of ICULS Holdings	No. of Holders	%	No. of ICULS	%
1 – 99	1	4.00	1	0.00
100 – 1,000	14	56.00	13,100	0.02
1,001 – 10,000	4	16.00	21,600	0.03
10,001 – 100,000	4	16.00	328,000	0.49
100,001 to less than 5% of the issued shares	1	4.00	128,000	0.19
5% and above of issued shares	1	4.00	65,800,000	99.27
Total	25	100.00	66,290,701	100.00

ICULS Holders as at 28 April 2006

Name	No. of ICULS	%
Malaysian Trustees Berhad PBS	65,800,000	99.27
Mahir Agresif (M) Sdn Bhd	128,000	0.19
Ikeda Azuma	100,000	0.15
Eckhard Helmut Gustav Seewöster	91,000	0.14
Hans-Gunther Werner Andrée	91,000	0.14
Peter Hubert Raijmann	46,000	0.07
Loo Phik Yin	10,000	0.02
Chung Tin Chung	5,000	0.01
Lam Wee Sin	4,000	0.01
Boh Bee Yen	2,600	0.00
Che Azizuddin bin Che Ismail	1,000	0.00
Chun Teik Fong	1,000	0.00
Faisal bin Awab	1,000	0.00
Kalaichelvan A/L Kalimuthu	1,000	0.00
Lam Wee Sin	1,000	0.00
Mohamad Nasir bin Ismail	1,000	0.00
Retna Kumari A/P Nonakaran	1,000	0.00
Sew Chaw Eng @ Siew Choon Eng	1,000	0.00
Tee Ching Chew	1,000	0.00
Tee Tuang Leong	1,000	0.00
Thoo W'y-Kit	1,000	0.00
Yasmin Cheah bt Abdullah	1,000	0.00
Zulkifil bin Sarkam	1,000	0.00
Loh Sai Eng	100	0.00
Lim Shuh Yin	1	0.00
Total ICULS	66,290,701	100.00%

Analysis of Redeemable Convertible Unsecured Loan Stocks ("RCULS") 2005/2010 as at 28 April 2006

Size of RCULS Holdings as at 28 April 2006

Size of RCULS Holdings	No. of Holders	%	No. of RCULS	%
1 – 99	1	4.55	1	0.00
100 – 1,000	17	77.27	17,000	0.01
1,001 – 10,000	3	13.64	8,100	0.00
10,001 – 100,000	0	0.00	0	0.00
100,001 to less than 5% of the issued shares	0	0.00	0	0.00
5% and above of issued shares	1	4.54	114,900,000	99.99
Total	22	100.00	114,925,101	100.00

RCULS Holders as at 28 April 2006

Name	No. of RCULS	%
Malaysian Trustees Berhad PBS	114,900,000	99.99
Lam Wee Sin	5,000	0.01
Boh Bee Yen	2,000	0.00
Loh Sai Eng	1,100	0.00
Che Azizuddin bin Che Ismail	1,000	0.00
Chun Teik Fong	1,000	0.00
Eckhard Helmut Gustav Seewöster	1,000	0.00
Faisal bin Awab	1,000	0.00
Hans-Gunther Werner Andrée	1,000	0.00
Kalaichelvan A/L Kalimuthu	1,000	0.00
Lam Wee Sin	1,000	0.00
Mohamad Nasir bin Ismail	1,000	0.00
Ng Cheong Seng	1,000	0.00
Peter Hubert Raijmann	1,000	0.00
Retna Kumari A/P Monakaran	1,000	0.00
Sew Chaw Eng @ Siew Choon Eng	1,000	0.00
Tee Ching Chew	1,000	0.00
Tee Tuang Leong	1,000	0.00
Thoo W'y-Kit	1,000	0.00
Yasmin Cheah Bt Abdullah	1,000	0.00
Zulkifli bin Sarkam	1,000	0.00
Lim Shuh Yin	1	0.00
Total RCULS	114,925,101	100.00%

List of Group Properties

It reached the stage where the Podbielskistasse facilities in Hannover could no longer be expanded. The writing instrument production was moved to Peine/Voehrum in 1973 which is approximately 30 km to the east of Hannover. Up until today, Pelikan pens, painting and office Products are still produced there.

The making of Pelikan nibs.

The Vöhrum Plant

Pelikanstrasse 11, 31228 Peine OT Vöhrum, Germany
Tenure: Freehold

Pelikan's production plant was relocated from Hannover to Vöhrum in 1973. The Vöhrum Plant, with a net book value of RM71.9 million as at 31 December 2005, produces quality fine writing instruments, writing instruments for schools and young people, fibre-tip pens, erasers, wax crayons, opaque and watercolour paint boxes, inks, cartridges, water inks, etc. The plant comprises approximately 21,000 square metres of production and office space and employs 278 workers as at 31 December 2005. Production stages include the manufacture of Pelikan's injection-moulded plastic parts and the construction of new injection moulds.

The plant has two floors. Located on the ground floor are an office; the engineering department; a moulding and machinery area; fully automated plant for mass production stationery such as erasers and writing instruments for schools and office; storage for raw materials; and a fine writing instruments corner where pens are hand-made, plus machines to make the different nibs. The first floor houses a design department (with a design team inventing new products); a research & development facility; chemistry and product testing laboratories.

The production plant in Vöhrum is the key manufacturing unit in the Pelikan Group and all the high-end fine writing instruments come from this plant, along with other higher quality writing instruments for school and art, painting and hobby products.

Pelikan's Hannover operation has DIN EN ISO 9001:2000 certification awarded by SGS-ICS Gesellschaft für Zertifizierungen, Hamburg, Germany. This certification combined with frequent audits confirm that an efficient and well documented Quality Management System is being operated to ensure reliability and the highest quality production processes.

The plant is fully automated, and the productivity of each employee and the numbers of each product produced are tracked daily. Current rates of production are as follows:

- More than 500 million plastic parts per annum
- 600 paint tablets for school paint boxes per minute
- Approximately 500,000 ink cartridges produced and packaged per shift
- 250kgs of eraser materials per hour
- Approximately 10,000 Plaka units filled and packaged per shift
- 18,000 ink stamp pads per shift
- 5,000 plastic and 5,000 metal stamp pads per shift
- Approximately 800 wax crayon blanks per minute
- 200 fibre-tip pens per minute
- 12,000 young people's pens per shift

The current plant capacity utilisation is 75%. The Vöhrum Plant is located adjacent to approximately 22,500 square metres of vacant land for future expansion.

The Puebla Plant

Planta de Productos Pelikan, S.A. de C.V.
Carretera a Tehuacán 1033, Col. Maravillas, C.P. 72220, Puebla
Apdo. Post 1358, 72000 Puebla, Pue. Mexico
Tenure: Freehold

The Puebla Plant, with a net book value of RM20.8 million as at 31 December 2005, was established in 1963. It produces low- to mid-range Pelikan products i.e. rubber erasers, plastic erasers, wax crayons, carbon paper, fibre markers, permanent/whiteboard markers, watercolours, drawing inks, textmarkers and nylon spool ribbons. The plant comprises approximately 18,952 square metres of production and office space and employs 364 workers, of whom 234 are operators, as at 31 December 2005. The production operation includes research & development facilities for new products.

In 2001, Pelikan's operation in Mexico received CLASS A certification awarded by Buker Inc., a Management Education and Consulting Firm, which confirmed the excellence and quality of the business processes as well as world-class product quality. In 2004, the company achieved ISO-9001-2000 certification, and was recertified as an Environmentally Friendly Company by the Mexican government.

The Puebla Plant in Mexico produces writing instruments, art, painting & hobby products and office stationery such as stick pens, colour pencils and crayons mostly for the Latin American and North American markets.

The plant is fully automated, and the productivity of each employee and the numbers of each product produced are tracked daily. The current plant capacity utilisation is 64%.

Group Corporate Directory

EUROPE

Austria

Faber-Castell Pelikan Austria GmbH
Industriestrasse B16
A-2345 Brunn am Gebirge
Tel: +43 2236 3010
Fax: +43 2236 33655
E-Mail: office@fc-pau.at
Website: www.pelikan.at

Germany

Pelikan GmbH
Werftstrasse 9
D - 30163 Hannover
Tel: +49 511 6969 1
Fax: +49 511 6969 212
E-Mail: info@pelikan.de

Pelikan PBS-Produktionsgesellschaft mbH & Co. KG
Factory Vöhrum
Pelikanstrasse 11
D - 31228 Peine
Tel: +49 5171 299 0
Fax: +49 5171 299 205
E-Mail: produktion@pelikan.de

Pelikan Vertriebsgesellschaft mbH & Co. KG
Werftstrasse 9
D - 30163 Hannover
Tel: +49 511 6969 0
Fax: +49 511 6969 212
E-Mail: vertrieb@pelikan.de (domestic sales)
E-Mail: international@pelikan.de (international sales)
Website: www.pelikan.de

Greece
Pelikan Hellas E.P.E.
8 km of Vari-Koropi Avenue
Koropi Industrial Zone
GR-194 00 Koropi
Tel: +30 210 6625 129
Fax: +30 210 6626 232
E-Mail: pelikan@pelikan.gr
Website: www.pelikan.gr

Italy
Pelikan Italia S.p.A.
Via Stephenson 43/A
I-20157 Milan
Tel: +39 02 39016 312
Fax: +39 02 39016 361
E-Mail: dirigen@pelikanitalia.it
Website: www.pelikan.it

Spain
Pelikan S.A.
Valencia, 307-313
E-08009 Barcelona
Tel: +34 93 476 2600
Fax: +34 93 459 1867
E-Mail: pelikan@pelikan.es
Website: www.pelikan.es

Switzerland
Pelikan Faber-Castell (Schweiz) AG
Chaltenbodenstrasse 8
CH-8834 Schindellegi
Tel: +41 1 786 70 20
Fax: +41 1 786 70 21
E-Mail: info@pelikan.ch
Website: www.pelikan.ch

Pelikan Holding AG
Zugerstrasse 76b
CH-6340 Baar
Tel: +41 41 768 50 90
Fax: +41 41 768 50 95
E-Mail: pelikan@zsp.ch
Website: www.pelikan.ch

Belgium
Pelikan Benelux N.V./ S.A.
Stationsstraat 43
B - 1702 Groot-Bijgaarden
Tel: +32 2 481 87 00
Fax: +32 2 481 87 19
E-Mail: info@pelikan.be
Website: www.pelikan.be

LATIN-AMERICA

Argentina
Pelikan Argentina S.A.
Av. Belgrano 1586 Piso 8
Edificio Belgrano Plaza
C1093AAQ Buenos Aires, Argentina
Tel: +54 11 4124 3100
Fax: +54 11 4124 3199
E-Mail: info@pelikan.com.ar
Website: www.pelikan.com.ar

Colombia
Indistri, S.A.
Carrera 65-B 19-17
Bogotá, D.C. Colombia
Tel: +571 261 1711
Fax: +571 290 5550
E-Mail: wjoecker@compuserve.com
Website: www.indistripen.com.co

Mexico
Productos Pelikan, S.A. de C.V.
Carretera a Tehuacán 1033
Col. Maravillas
C.P. 72220 Puebla, Pue. México
Tel: + 52-222-309-8000
Fax: + 52-222-309-8049
E-Mail:
direccion.general@pelikan.com.mx
Website: www.pelikan.com.mx

REST OF THE WORLD

Australia
Columbia Pelikan Pty.. Ltd. /
Pelikan Quartet Pty.. Ltd.
91, Ashford Avenue
Milperra, NSW 2214, Australia
Tel: +61 2 8707 6100
Fax: +61 2 8707 6111
E-Mail:
customersupport@pelikan.com.au
Website: www.pelikanquartet.com.au

Japan
Pelikan Japan K.K.
Ishida Bldg. 3F
3-14-1, Ueno
Taito-ku, Tokyo 110-0005, Japan
Tel: +81 3 3836 6541
Fax: +81 3 3836 6545
E-Mail: pelikan@pelikan.co.jp

Malaysia
Pelikan International Corporation Berhad
(formerly known as Diperdana Holdings Berhad)
Lot 3410 Mukim Petaling
Batu 12 1/2, Jalan Puchong
47100 Puchong
Selangor Darul Ehsan, Malaysia
Tel: +603 8062 1223
Fax: +603 8062 3407
E-Mail: hkloo@pelikan.com.my

Pelikan Asia Sdn. Bhd.
Lot 3410 Mukim Petaling
Batu 12 1/2, Jalan Puchong
47100 Puchong
Selangor Darul Ehsan, Malaysia
Tel: +603 8062 1223
Fax: +603 8062 3407
E-Mail: safuan@pelikan.com.my

Singapore
Pelikan Singapore-Malaysia Pte. Ltd.
41, Jalan Pemimpin # 02 - 04
Kong Beng Industrial Building
Singapore 577186
Tel: +65 2585 231/2
Fax: +65 2584 157
E-Mail: enquiry@pelikan.com.sg

Taiwan
Pelikan Singapore-Malaysia Pte. Ltd.
Taiwan Branch
1F, 32, Lane 21, Hwang Chi Street
Taipei, Taiwan 111
Tel: +886 2 8866 5818
Fax: +886 2 8866 3102
E-Mail: pelikan@cm1.hinet.net

Thailand
Pelikan (Thailand) Co. Ltd.
125/12-13 Moo6
Kanchana-pisek Road
Bangkae Nua, Bangkae
Bangkok 10160, Thailand
Tel: +662 804 1415-8
Fax: +662 804 1420
E-Mail: pelikan@pelikan.co.th

Middle East
Pelikan Middle East FZE
Sharjah Airport International Free Zone
W/S A2-103
P. O. Box 120318, Sharjah
United Arab Emirates
Tel: +9716 5574571
Fax: +9716 5574572
E-Mail: nalatrash@pelikan.ae

Proxy Form

(Before completing this form, please see the notes below)

Pelikan International Corporation Berhad
(Formerly known as Diperdana Holdings Berhad)
(Company No. 63611-U)
(Incorporated in Malaysia)

No. of Ordinary Shares held	
CDS Account No. of Authorised Nominee	

*I/We ______________________________ (Full name in Capital Letters)

Company No./NRIC No. ______________________ (New) ______________________ (Old)

of ______________________________ (Address)

being a *Member/Members of **Pelikan International Corporation Berhad** (Formerly known as Diperdana Holdings Berhad), hereby appoint *the Chairman of the Meeting or

(Proxy A) ______________________________ (Full name in Capital Letters)

Company No./NRIC No. ______________________ (New) ______________________ (Old)

of ______________________________ (Address)

or (Proxy B) ______________________________ (Full name in Capital Letters)

Company No./NRIC No. ______________________ (New) ______________________ (Old)

of ______________________________ (Address)

as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the 24th Annual General Meeting of the Company, to be held at Sunway Pyramid Convention Centre, Isis Room, Level 11, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 23 June 2006 at 4.00 p.m. and at every adjournment thereof *for/against the resolution(s) to be proposed thereat.

(Please indicate with an "X" in the space provided below how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.)

NO	RESOLUTIONS	FOR	AGAINST
1	Receiving the Audited Financial Statements and Reports of the Directors' and Auditors' thereon for the financial year ended 31 December 2005		
2	Approval of a final dividend of 6 sen less 28% income tax for the financial year ended 31 December 2005		
3	Approval of Directors' Fees for the financial year ended 31 December 2005		
4	Re-election of Syed Hussin bin Shaikh Al Junid as Director of the Company		
5	Re-election of Tan Sri Musa bin Mohamad as Director of the Company		
6	Re-election of Yap Kim Swee as Director of the Company		
7	Re-appointment of Auditors and authorising Directors to fix their remuneration		
8	Special Business : Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		

The Proportions of my holding to be represented by my *proxy/proxies are as follows:-

First Proxy (Proxy A)	%
Second Proxy (Proxy B)	%
	100 %

In case of a vote taken by a show of hands, *my/our *First Proxy (Proxy A)/Second Proxy (Proxy B) shall vote on *my/our behalf.

As witness *my/our hand(s) this ______________ day of ______________, 2006

____
Signature(s)/Common Seal of Appointer

* Strike out whichever is not desired.

Notes:

1. A Member who is entitled to attend and vote at this meeting is entitled to appoint one (1) or more proxies to attend and vote in his stead and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation either under seal or under the hand of an officer or attorney duly authorised.
3. The instrument appointing a proxy must be deposited with the Registered Office of the Company at Lot 3410, Mukim Petaling, Batu 12½, Jalan Puchong, 47100 Puchong, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof.

Fold Here

Affix
Stamp
Here

The Company Secretary
Pelikan International Corporation Berhad
(Formerly known as Diperdana Holdings Berhad)
(Company No. 63611-U)

Lot 3410, Mukim Petaling
Batu 12½, Jalan Puchong
47100 Puchong
Selangor Darul Ehsan
Malaysia

Fold Here

Pelikan International Corporation Berhad
(Formerly known as Diperdana Holdings Berhad)
(Company No. 63611-U)

Lot 3410, Mukim Petaling
Batu 12½, Jalan Puchong
47100 Puchong
Selangor Darul Ehsan
Malaysia

T: +603 8062 1223
F: +603 8062 2500
www.pelikan.com