

PELIKAN HOLDING AG

**INTERIM REPORT
AS OF JUNE 30, 2008**

KEY FIGURES

Pelikan Holding AG Group (not audited)

FINANCIAL KEY FIGURES

<i>CHF m</i>	INTERIM REPORT AS OF JUNE 30, 2008	1. HALF 2007
Net sales	173.9	122.4
Result from operations	12.7	17.5
Result before non-operating items	11.0	17.4
Operating cash flow (EBITDA)	18.1	20.3
Consolidated net result	5.5	12.7
Total assets	297.6	266.7
Equity	37.1	42.1
<i>Shareholders' equity in % of total assets</i>	12%	16%
Net debts*	54.1	44.4

OPERATING KEY FIGURES

Number of employees	1,294	1,132**
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KEY FIGURES PER SHARE

<i>CHF/ share</i>		
Consolidated net income	3.6	8.2
Equity (Net Asset Value)		
before deferred taxes	16.0	18.9
after deferred taxes	24.7	27.3

SHARE PRICE

<i>CHF</i>		
High/ low	182/130	187/115
at June 30	132	181

* Interest-bearing debt less cash and cash equivalent

** restated – including employees of German Hardcopy AG taken over in April 2007

Pelikan shares: Swiss security number 632875

CONSOLIDATED INCOME STATEMENT

Pelikan Holding AG Group (not audited)

<i>CHF m</i>	JAN - JUNE, 2008	1. HALF 2007
Net sales	173.9	122.4
Change in the level of finished goods and work in process	4.1	1.9
Other operating income	2.6	1.6
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	180.6	125.9
Materials purchased	(90.0)	(48.1)
Personnel expenses	(36.5)	(29.7)
Depreciation and amortization	(5.9)	(3.6)
Other operating expenses	(35.5)	(27.0)
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Result from operations	12.7	17.5
Result from unconsolidated companies	1.7	1.3
Financial result, net	(3.4)	(1.4)
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Result before non-operating items	11.0	17.4
Expenses for pensioners	(2.2)	(2.1)
	<hr/>	<hr/>
Result before taxation	8.8	15.3
Taxes	(1.8)	(1.0)
	<hr/>	<hr/>
Net result for the period	7.0	14.3
Profit due to minority interests	(1.5)	(1.6)
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Consolidated net result for the period	5.5	12.7

CONSOLIDATED BALANCE SHEET

Pelikan Holding AG Group (not audited)

<i>CHF m</i>	JUNE 30, 2008	(Audited) DECEMBER 31, 2007
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	35.7	37.3
Tangible assets	40.8	42.6
Financial assets	14.0	14.2
Deferred tax assets	13.1	12.8
Total non-current assets	103.6	106.9
CURRENT ASSETS		
Inventories	70.7	60.2
Prepayments	1.1	0.9
Receivables from third parties and other assets	95.8	73.4
Receivables from unconsolidated companies	1.1	1.0
Receivables from parent company and its related companies	16.8	19.3
Cash and bank	8.5	16.6
Total current assets	194.0	171.4
TOTAL ASSETS	297.6	278.3
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY	37.1	31.5
MINORITY INTERESTS	16.5	15.4
LIABILITIES		
Non-current liabilities		
Bank liabilities	26.2	27.8
Provisions for pensions and similar commitments	82.4	86.4
Provisions for deferred taxes	0.9	1.0
Other provisions	5.1	4.4
Total non-current liabilities	114.6	119.6
Current liabilities		
Bank liabilities	36.4	31.0
Accounts payable	25.6	21.0
Payables to parent company and its related companies	26.4	17.4
Taxes payable	2.6	1.7
Provisions for pensions and similar commitments	4.3	4.9
Other provisions	1.1	1.6
Other liabilities	32.1	34.2
Deferred income	0.9	-
Total current liabilities	129.4	111.8
TOTAL LIABILITIES	244.0	231.4
TOTAL EQUITY AND LIABILITIES	297.6	278.3

CONSOLIDATED CASH FLOW STATEMENT

Pelikan Holding AG Group (not audited)

<i>CHF m</i>	JAN - JUNE, 2008	1. HALF 2007
Operating cash flow (EBITDA)	18.1	20.3
<u>Cash flow from operating activities</u>		
Net result for the period before minority interest	7.0	14.3
Adjustments for :		
Result from unconsolidated group companies	(1.0)	(1.0)
Depreciation and amortization	5.9	3.6
Book losses/ (profits) from disposals of fixed assets	(1.0)	-
Deferred taxes	(0.6)	(0.4)
Cash flow before working capital changes	10.3	16.5
Change in pension provisions	(2.4)	(3.8)
Change in accounts receivables, other assets and prepayments	(19.9)	(21.6)
Change in inventories	(12.5)	(5.4)
Change in payables, other liabilities and deferred income	16.4	8.8
Change in other provisions	(3.0)	(0.4)
	<u>(11.1)</u>	<u>(5.9)</u>
<u>Cash flow from investing activities</u>		
Investments in intangible assets	(0.5)	(0.3)
Investments in tangible assets	(2.6)	(4.2)
Acquisition of subsidiary	-	(4.9)
Acquisition of business	(0.8)	-
Disposals of tangible assets	1.3	0.4
Dividend from unconsolidated companies	1.1	0.4
Disposal/ (purchase) of securities	(0.1)	-
	<u>(1.6)</u>	<u>(8.6)</u>
<u>Cash flow from financing activities</u>		
Changes in bank liabilities	5.4	8.3
Dividend to minorities	-	-
	<u>5.4</u>	<u>8.3</u>
Effect of exchange rate changes and inflation adjustments	(0.8)	(0.3)
Net change in cash and cash equivalents	(8.1)	(6.5)
Cash and cash equivalents at 1 January	16.6	10.3
Cash and cash equivalents at 30 June	<u>8.5</u>	<u>3.8</u>

1. Basis of Preparation

The interim consolidated financial statements are unaudited and have been prepared in accordance with Swiss GAAP FER 12. These consolidated financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007.

2. Seasonality or Cyclicity of Interim Operations

The Group's core business is generally affected by the "back to school" season in Europe which normally records higher sales in mid year.

3. Important contracts

In May 2008, Pelikan Holding AG completed the acquisition of Goldcup D 3135 AB, a non-operating company, which had subsequently changed its name to Pelikan Nordic AB. This company has started distribution in Scandinavia from June 2008.

In June 2008, Günther Wagner Pelikan Maatschappij B.V., a 100% subsidiary of Pelikan Holding AG, has taken over the distribution of Hardcopy and PBS products in The Netherlands from Pelikan Hardcopy International AG. In the meantime, Günther Wagner Pelikan Maatschappij B.V. had changed its name to Pelikan Nederland B.V.

Furthermore, the non-consolidated Joint Venture with Faber-Castell in Austria has been terminated by contract dated 24th September 2008. At the same time Pelikan Austria Gesellschaft m.b.H., a 100 % subsidiary of Pelikan Holding AG, absorbed the Pelikan Hardcopy Ges. m.b.H. in Austria in order to distribute Hardcopy and PBS Products in Austria.

Pelikan Holding AG Group expects a yearly increase in consolidated turnover from these transactions of approximately CHF17.0 million.

4. Outlook

In the current period, the net sales increased to CHF173.9 million compared to CHF122.4 million in the previous year's corresponding period. However, consolidated net result decreased to CHF5.5 million in the current period, mainly attributable to the lower margins generated from Hardcopy business acquired in 2007.

The risks to the economic outlook have been elevated by the turmoil that has disrupted financial markets since mid-2007, and they have clearly shifted to the downside, with the key risk being that the deterioration in global economic and financial conditions will become more severe and prolonged. The slowdown in the United States and in much of Europe has intensified since the end of 2007, and GDP for the high-income members of the Organization for Economic Cooperation and Development (OECD) and developing countries is projected to slow. Energy prices are likely to remain at elevated levels.

The Group expects revenue in the second half of the year to be affected by the adverse market condition. Cost escalation especially for raw materials is apparent and these costs cannot be easily transferred to customers within a short timeframe. In addition, not all costs can be passed to customers and therefore, the Group is continuously pursuing active cost cutting measures to make our products competitive in the market vis-à-vis the high quality that we have constantly committed.

The Group anticipates a difficult second half of 2008 with higher cost of production. After stabilising the sales organization resulting from the merger with Hardcopy business earlier last year, the Group has started restructuring its worldwide production to achieve cost effectiveness and efficiency. Although the Group has not foreseen that revenue in the second half of this year will significantly be affected, higher costs will translate to lower profit.

The Group continues to look for market expansion opportunities as the Group is focused on its strategy to attain sales volume growth, given correct cost structure and cost efficiency will result in better net margin.

Zurich, September 2008