

PELIKAN HOLDING AG

**INTERIM REPORT
AS OF JUNE 30, 2006**

KEY FIGURES

Pelikan Holding AG Group (not audited)

FINANCIAL KEY FIGURES

<i>CHF m</i>	INTERIM REPORT AS OF JUNE 30, 2006	1. HALF 2005
Net sales	113.1	104.8
Result from operations	15.5	9.3
Result before non-operating items	16.8	10.1
Operating cash flow (EBIDAT)	18.0	11.2
Consolidated net result	11.6	5.3
Total assets	194.7	183.2
Equity	22.2	13.8
<i>Equity in % of total assets</i>	11%	8%
Net debt*	10.5	0.4

OPERATING KEY FIGURES

Number of employees	963	935
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KEY FIGURES PER SHARE

<i>CHF/share</i>		
Consolidated net income	7.5	3.4
Equity (Net Asset Value)		
before deferred taxes	12.7	8.6
after deferred taxes	14.4	9.0

SHARE PRICE

<i>CHF</i>		
High/ low	85/68.8	75/25
at June 30	83.7	59.3

*Interest-bearing debt less cash and cash equivalent

Pelikan shares, Swiss security number 632875 (871771 Germany)

CONSOLIDATED INCOME STATEMENT

Pelikan Holding AG Group (not audited)

<i>CHF m</i>	JAN - JUNE, 2006	1. HALF 2005
Net sales	113.1	104.8
Change in the level of finished goods and work in process	2.4	3.1
Other operating income	1.2	1.4
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	116.7	109.3
Materials purchased	(47.1)	(45.4)
Personnel expenses	(26.7)	(26.5)
Depreciation and amortization	(3.3)	(3.5)
Other operating expenses	(24.1)	(24.6)
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Result from operations	15.5	9.3
Result from unconsolidated companies	1.5	0.9
Financial result, net	(0.2)	(0.1)
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Result before non-operating items	16.8	10.1
Expenses for pensioners	(2.3)	(2.5)
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Result before taxation	14.5	7.6
Taxes	(1.6)	(1.5)
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Net result for the period	12.9	6.1
Profit due to minority interests	(1.3)	(0.8)
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Consolidated net result for the period	11.6	5.3

CONSOLIDATED BALANCE SHEET

Pelikan Holding AG Group (not audited)

<i>CHF m</i>	JUNE 30, 2006	<i>(Audited)</i> DECEMBER 31, 2005
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	18.1	18.6
Tangible assets	28.3	30.7
Financial assets	12.0	11.7
Deferred tax assets	3.6	3.3
Total non-current assets	62.0	64.3
CURRENT ASSETS		
Inventories	51.7	46.8
Prepayments	0.5	0.4
Receivables from third parties and other assets	59.4	42.7
Receivables from unconsolidated companies	1.6	1.0
Receivables from parent company and its related companies	14.1	13.5
Cash and bank	5.4	11.8
Total current assets	132.7	116.2
TOTAL ASSETS	194.7	180.5
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY	22.2	13.0
MINORITY INTERESTS	13.2	15.2
LIABILITIES		
Non-current liabilities		
Provisions for pensions and similar commitments	87.0	88.1
Provisions for deferred taxes	0.9	1.0
Other provisions	6.3	5.3
Other liabilities	3.9	2.8
Total non-current liabilities	98.1	97.2
Current liabilities		
Bank liabilities	15.9	12.5
Accounts payable	16.4	14.0
Payables to unconsolidated companies	0.1	0.5
Payables to companies related to the parent company	3.4	1.5
Taxes payable	2.5	2.8
Provisions for pensions and similar commitments	5.2	5.1
Other provisions	1.0	1.4
Other liabilities	16.6	17.2
Deferred income	0.1	0.1
Total current liabilities	61.2	55.1
TOTAL LIABILITIES	159.3	152.3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	194.7	180.5

CONSOLIDATED CASH FLOW STATEMENT

Pelikan Holding AG Group (not audited)

<i>CHF m</i>	JAN - JUNE, 2006	1. HALF 2005
Operating cash flow (EBIDAT)	18.0	11.2
<u>Cash flow from operating activities</u>		
Net result for the period before minority interest	12.9	6.1
Adjustments for :		
Result from unconsolidated group companies	(1.2)	(0.6)
Depreciation and amortization	3.3	3.5
Deferred taxes	(0.3)	-
Cash flow before working capital changes	14.7	9.0
Decrease in pension provisions	(1.5)	(2.1)
Change in accounts receivables, other assets and prepayments	(19.0)	(12.6)
Change in inventories	(5.7)	(7.1)
Change in payables	2.6	5.2
Change in other liabilities and deferred income	3.4	4.6
Change in other provisions	0.6	(0.4)
	(4.9)	(3.4)
<u>Cash flow from investing activities</u>		
Investments in intangible assets	(0.2)	-
Investments in tangible assets	(3.4)	(1.9)
Disposals of tangible assets	0.3	0.1
Dividend from unconsolidated companies	0.1	0.3
	(3.2)	(1.5)
<u>Cash flow from financing activities</u>		
Changes in bank liabilities	3.4	1.6
Dividend to minorities	(1.9)	(0.5)
	1.5	1.1
Effect of exchange rate changes and inflation adjustments	0.2	0.4
Net change in cash and cash equivalent	(6.4)	(3.4)
Cash and cash equivalent at 1 January	11.8	12.7
Cash and cash equivalent at 30 June	5.4	9.3

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 2005.

2. Material Litigation

A tax claim has been filed by a subsidiary in Mexico to the Tax Courts against the Mexican tax authorities for the deductibility of a total amount of MXN25.9 million for income tax purposes in relation to inventories held as at 31 December 1988.

3. 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.

4. Outlook

The Group continues the growth strategies to expand geographically. Sales outside Europe, in Asia and Latin America, have shown encouraging growth. The holding company, Pelikan International Corporation Berhad has acquired the remaining 51% stake in the Mexican subsidiary, Productos Pelikan SA de CV and incorporated a new subsidiary in Poland in the first half of the year. It has also acquired an associate in Thailand and incorporated new subsidiaries in Singapore, Taiwan, China and Indonesia to strengthen distribution network in the Asia market. In the pipeline, the Group has plans to expand in India and Argentina through setting up of direct distribution centres, joint ventures with suitable local partners and/ or business acquisitions.

In the current period, the net sales increased to CHF113.1 million compared to CHF104.8 million in the previous year's corresponding period. Consolidated net result increased to CHF11.6 million in the current period, mainly attributable to the higher sales recorded in the current period, continuous effort to contain cost and operational efficiency due to higher sales volume. The second half of the year is expected to be more challenging for the Group as the Group is anticipating lower result than the first half due to sales seasonality. The Group is consistently trying to mitigate this by introducing more products and opening up new markets. Over the next few years, we expect improvement of our results to be achieved.

Zurich, September 2006