Pelikan

PELIKAN HOLDING AG

2007 ANNUAL REPORT

CONTENTS

REPORT OF THE BOARD OF DIRECTORS

It is my pleasure again to present to you, on behalf of the Board of Directors of Pelikan Holding AG, the Annual Report and Financial Statements of the Group and the Company for the year ended December 31, 2007.

In 2007, net sales increased to CHF 282.2 million mainly due to our efforts to reconsolidate the divested businesses of the Group. It started with the acquisition of German Hardcopy AG Group in April followed by the acquisitions of the remaining equity stakes of the Group in Pelikan Argentina SA and Pelikan Faber Castell (Schweiz) AG by July. We have also commenced the merger of our businesses with Hardcopy's under our parent company, Pelikan International Corporation Berhad ("Pelikan International") group in Europe attempting to harvest synergistic gains and common cost savings.

Costs however have increased resulting from the above acquisitions and merger endeavours. Overall margin dropped as Hardcopy is generating softer margin due to the nature of its products. Significant cost savings are likely to be seen over longer term; meanwhile the Group spent on one time restructuring expenses and is prepared to reinvest savings into market expansion efforts.

We saw immediate market penetration of our stationery products into Hardcopy's markets in France, Hungary and Sweden where Hardcopy group is strong in. We have set up a direct subsidiary in Turkey to provide direct support to our customers and to reinvest in brand building in that country as the sales volume increased. In Latin America, Pelikan Mexico is now wholly owned entity of Pelikan International Group (since March 2006), capable for us to set it up as a regional hub. Pelikan Mexico recorded more than 20% growth in sales this year! Geographical expansions by Pelikan International Group in Asia are not less exciting. Brand building exercises continue to expose Pelikan brand to consumers as evident by the high triple digit sales growth rate in some Middle East and Asian countries. However, as compared to our matured European market with larger sales base, the increase in sales value in Asia is less noticeable. It is nevertheless a long term strategy that we are building on brand awareness and communication. We want people to grow with Pelikan, as what we are well known in the traditional German market.

Merger and acquisitions are difficult to plan and execute. Post merger and acquisition plans are even more difficult to supervise and control. I would like to welcome the management and employees of all the newly acquired businesses/companies to the Pelikan family. We continue to believe that the success of the Group is due to the dedication and hardwork that our management and employees have relentlessly put in. I thank all of you and look forward to your continuous commitment. To our business associates and customers, I thank you for your patience during these periods whilst we continue to strive for excellence in serving you.

On behalf of the Board of Directors

LOO HOOI KEAT
25 April 2008

KEY FIGURES

Pelikan Group	Figures in CHF million				
	2007	**2006**	**2005**	**2004**	**2003**
Net sales	282.2	211.3	196.3	194.6	191.6
Result from operations	13.4	17.9	10.6	11.2	12.1
Result before non-operating items	13.7	19.9	14.3	14.0	15.8
Result before taxation	9.4	14.7	8.6	8.7	10.3
Net result for the year	6.4	19.4	4.6	6.6	9.2
Consolidated net result for the year	3.9	17.7	3.3	5.3	8.0
Fixed assets	106.9	74.9	64.3	53.2	50.7
Total equity excluding minorities	31.5	29.1	13.0	6.2	1.4
Provisions for pensions	91.3	93.1	93.3	96.5	101.8
Balance sheet total	278.3	203.8	180.5	162.2	162.0
Share of the balance sheet total in %					
Fixed assets	38.4%	36.7%	35.6%	32.8%	31.3%
Total equity excluding minorities	11.3%	14.3%	7.2%	3.8%	0.9%
Provisions for pensions	32.8%	45.7%	51.7%	59.5%	62.8%
Tangible and intangible assets					
Investments	8.9	8.9	6.0	5.6	6.8
Depreciation and amortization	10.1	5.2	6.7	6.5	6.5
Number of employees	1,236	979	910	883	848
Personnel expense	64.9	54.9	51.5	51.5	50.1
Pelikan Holding AG					
Result for the year	(1.5)	3.5	1.3	3.5	(63.2)
Dividend	-	-	-	-	-
Shareholders' equity	59.8	61.3	57.8	56.6	53.1
Key figures per share					
Data per bearer share in CHF					
Nominal value each CHF65					
Earnings per share	2.6	11.5	2.2	3.5	5.2
Dividend per share in %	-	-	-	-	-
Share prices					
Highest	212	106	84	29	34
Lowest	115	69	25	19	19

MANAGEMENT REPORT

Business in 2007

Group sales further rose in 2007 by 33.5% compared to prior year to CHF 282.2 million (2006: CHF 211.3 million) resulting mainly from acquisitions of new subsidiaries, namely German Hardcopy AG, Pelikan Argentina and merger of Hardcopy (ie. printer cartridges and consumables) businesses in Europe to take advantage of the synergies and common cost savings.

In 2007, result before financial items and taxation amounted to CHF 16.4 million (2006: CHF 20.4 million). Margin reduced as anticipated as Hardcopy business is having a lower margin. The Group has increased its expenditure in the current financial year to expand its business to the other under developed and under represented markets in Asia, Latin America and Eastern Europe. Common cost savings foreseen from the acquisition of Hardcopy is likely to be seen in the medium and longer term. Consolidated net result for the year amounted to CHF 3.9 million (2006: CHF 17.7 million). The higher consolidated net result in 2006 was mainly due to deferred tax income arising from capitalisation of tax losses.

Important contracts

In April 2007, Pelikan Holding AG completed the acquisition of 90% equity share capital of German Hardcopy AG. The remaining 10% shares are held by German Hardcopy AG. The principal activity of German Hardcopy AG is the manufacturing and distribution of hardcopy related products (ie. printer cartridges and consumables) under the Geha, Emtec, Boeder and I-change trademarks as well as OEM (Original Equipment Manufacturer) printer supplies and assortment.

By July 2007, Pelikan Holding AG completed the acquisition of the remaining 25% equity share capital in its subsidiary, Pelikan Faber-Castell (Schweiz) AG, recently renamed as Pelikan (Schweiz) AG.

In July 2007, the hardcopy businesses of Pelikan Hardcopy Holding AG (“PHH”) were acquired in Germany, by Pelikan Vertriebsgesellschaft mbH & Co.KG, a German subsidiary of Pelikan Holding AG and in Italy, by Pelikan Italia S.A.. Respective acquisitions of the other hardcopy businesses of PHH also took place in Spain by Pelikan Spain S.A. and in Switzerland by Pelikan Faber-Castell (Schweiz) AG.

By July 2007, Productos Pelikan S.A. de C.V., a subsidiary of Pelikan Holding AG and Pelikan International Corporation Berhad completed the acquisition of 87.71% equity interest in Pelikan Argentina S.A. The equity interest of Productos Pelikan S.A. de C.V. in Pelikan Argentina S.A. increased to 93.76% with subsequent increase in share capital in Pelikan Argentina during the year.

Sales

Sales by region	
Germany	54.3%
Switzerland	5.5%
Italy	9.3%
Rest of Europe	10.6%
Latin-America	13.4%
Other countries	6.9%

Sales registered significant growth in most regions mainly due to the acquisitions of subsidiaries and Hardcopy businesses during the second half of the year. Sales in Latin America and "other countries" particularly in Asia continue to record growth of 20.5% and 3.5% respectively in line with the continued Group strategy to reduce its dependence on the matured European market whilst expanding businesses in under-represented and undeveloped markets.

Result

In million CHF	**2007**	2006
Pre-tax profit	**9.4**	14.7

Result from operations of Pelikan Group amounted to CHF 13.4 million in 2007 (2006: CHF 17.9 million). The result from unconsolidated companies in Australia, Austria, Japan and Colombia showed a pre-tax profit of CHF 3.0 million (2006: CHF 2.5 million). Pelikan Group incurred a net interest expense of CHF 2.8 million (2006: CHF 0.8 million), while expenses for pensioners came to CHF 4.3 million (2006: CHF 5.3 million). Taxes (expense) amounted to CHF 3.0 million (2006: CHF 4.8 million (income)). The net result for the year amounted to CHF 6.4 million (2006: CHF 19.4 million).

At Pelikan Holding AG on the company level, the financial statements showed a net loss of CHF 1.5 million for the year (2006: net profit CHF 3.5 million).

Personnel

In line with geographical expansions and acquisition of the hardcopy businesses, the total number of employees of the Group increased by 257 to 1,236 as at December 31, 2007.

Personnel	**Dec. 31, 2007**	Dec. 31, 2006	Dec. 31, 2005
Germany	**511**	417	435
Switzerland	**26**	17	17
Italy	**41**	36	36
Rest of Europe	**131**	45	27
Total Europe	**709**	515	515
Latin-America	**446**	404	367
Other countries	**81**	60	28
Total Group	**1,236**	979	910

Investments in fixed assets

Investments in fixed assets during the year amounted to CHF 7.9 million (2006: CHF 8.4 million). Major investments were made in Germany for, among others, the following projects:

- Tools for Limited Edition 7 Wonders - "The Lighthouse of Alexandria", Premium Class "M7000 Majesty", Ductus Series, Griffix Learn To Write System
- Assemble machine for fountain pen "Happy Pen"
- CNC turning machine
- Injection moulding machine
- New ERP Software "MySAP.com"

Quality Management

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

Pelikan's operation in Mexico received the certification CLASS A in 2001 awarded by Buker Inc., a Management Education and Consulting Firm, which confirmed the excellence and quality of their business processes and product quality at world standard. In 2006, the Company was recertified ISO-9001-2000's compliant and environmental friendly company by the Mexican government.

Research and development

In 2007, CHF 4.5 million (2006: CHF 3.8 million) were incurred for the following research and development projects:

- Development of Special Edition "Niagara Falls", components of noble resin glimmer in water blue with lacquer metal shaft by silver shined decor
- Development of Special Editions "Sahara"
- Development of two Limited Editions "Evolution of Script" and "The Lighthouse of Alexandria"
- Development of new series "Majesty", fashioned with finest craftsmanship, brilliantly diamond engraved and gold plated
- Development of new series "Ductus", fashionable combination of metal and high grade resin
- Development of new fountain pen "Style Silver"
- Development of a complete sorting Pelikan "Mini Friends"
- Development of new erasers "Rotoraser" and "Key Raser"
- Development of new Ball Point Pen "Minoro"

Risks of future development

Pelikan Group offers an extensive assortment of products worldwide for the high-end market, school and hobby, as well as office supplies and printer consumables. The globalisation, market concentration and structural changes in the environment pose continuous challenges, and simultaneously are accompanied by numerous risks. These risks, however, are unavoidable.

Pelikan Group regards an efficient and anticipative risk management as an important function. The primary goal is not the avoidance of all risks but the formulation of strategies for risks identification and mitigation based on active management and control. The objective is to take only those risks, which will lead to improved shareholders' value and/or market position of the Group.

For the companies in Germany in particular, the German law for business controls and transparency (KonTraG) calls for the commitment of the management to set up a control system to recognise, in advance, risks which might potentially endanger the Group. This requirement has for many years been regarded by Pelikan as a precondition for a successful business. Thereby, Pelikan continuously strives to improve the risk management and controlling system.

Risk management policy and framework

The enterprise risk management policy of Pelikan Group is to identify, measure and control risks that may prevent the Group from achieving its business objectives. Pelikan Group seeks to apply risk management in all parts of its business to ensure risks are minimized and opportunities are explored.

Risk management practices have been inherent in the way management has conducted business. The practice, values and culture that have endured to the present day have always exercised profound effect on management's conduct. The Board of Directors has always regarded risk management as an integral part of this conduct.

The key elements of the Group's risk management strategies are described below:

- Clearly defined lines of accountability and delegated authority;
- Regular and comprehensive information provided to management, covering operating and financial performance and key business indicators such as resource utilisation and cash flow performance;
- Detailed budgeting process where operating units prepare budgets for the coming year, which are approved both at operating unit level and by the Board;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken; and
- Regular visits to operating units by members of the Board and senior management.

Internal control

The Group's approach to internal control is based on the underlying principle of line management's accountability for risk and control management. The Group adopts the risk-based approach towards internal control and that the management in the Group is responsible for implementing, operating and monitoring the system of internal controls, which is designed to provide reasonable but not absolute assurance of achieving business objectives.

Risk management and internal audit function

The Pelikan Group has an internal audit function that assists the Board of Directors in providing an independent assurance on risk management and internal controls. The audit focuses on regular and systematic review of the internal controls and management information systems. The scopes of the internal audit function cover the audit of the adequacy of risk management, operational controls, compliance with established procedures, guidelines and statutory requirements of the Group.

Outlook

The medium term direction of the global economy is likely to be dependent on United States ("US") and China. These economies are going to influence especially import growth, thereby stimulating exports and economic growth in the rest of the world. Hence, how they perform matters. The good news from Europe, our main market currently is that the continent is less dependent on stimulus from the US than in the past. However, strong Euro and Pound may hurt export growth. The world economy remains uncertain due to amongst others the US sub-prime crisis and higher oil price.

The reconsolidation of businesses of Pelikan worldwide group promised synergistic gain and common costs savings which the Group has planned to plough back to expanding under represented and under developed markets. Given fixed selling, general and distribution costs, the Group will generate more meaningful net margin when sales expand. In view of the global market and economic uncertainty, the Group expects a challenging year ahead.

The statements in this business report relating to matters that are not historical facts, are forward-looking statements that are not guaranteed for future performance and involve risks and uncertainties, including but not limited to future global economic conditions, foreign exchange rates, regulatory rules, market conditions, actions of competitors and other factors beyond the control of the Group.

CORPORATE GOVERNANCE

Pelikan Holding AG (the "Company") is incorporated in Switzerland and governed by Swiss law. This report conforms with the Directive on Information Relating to Corporate Governance, issued by the SWX Swiss Exchange.

Group structure

Pelikan Holding AG Group is organized into four geographical units: Europe, Americas, Asia/Africa and International Markets (i.e. China/India/Australia). These units are supported by six centralised functions of: Product Management, Procurement, Brand Management, Production and Research & Development (R&D), Supply Chain and Group Corporate Services all under the President's office.

The subsidiaries and associated companies are disclosed on pages 38 to 39 of the Group's consolidated financial statements.

Capital structure

As at December 31, 2007, the share capital of Pelikan Holding AG is CHF 100.1 million divided into 1,001,000 bearer shares of CHF 65 (nominal value each) and 539,000 registered shares of CHF 65 (nominal value each), all of which have been fully paid.

There have been no changes in capital since 1997.

Pelikan Holding AG has neither authorized nor conditional capital. There were no participation certificates or warrants as at the balance sheet date.

There are no cross-shareholdings.

The bearer shares of Pelikan Holding AG, Feusisberg, Switzerland are listed on the Stock Exchange of Zurich as "Local Cap" with security no. 632875. The market capitalization of the bearer shares amounted to CHF 180.2 million as of December 31, 2007.

Share ownership / Significant shareholders

Pelikan International Corporation Berhad, a company listed in Bursa Malaysia Securities Berhad (the Malaysia Stock Exchange) ("Bursa Malaysia") holds 87.63% of the equity interest in Pelikan Holding AG consisting of all the 539,000 registered and 810,677 bearer shares. Due to the pledge of some of the shares with transfer of the voting rights to certain Malaysian banks for financing reasons the percentage of voting rights of Pelikan International Corporation Berhad by 31st December 2007 is 35.04%. The voting rights percentage of OCBC Bank Malaysia Berhad is 7.14% and the voting rights percentage of Bumiputra Commerce Bank Limited equals to 45.45% by 31st December 2007 both due to the pledge of shares as mentioned above. Valartis Bank AG (formerly known as OZ Bankers AG), Switzerland, holds 5.07% equity interest in the Company.

Shareholders' rights

Each share entitles the holder to one vote at the General Shareholders' Meeting. There are no preferential voting shares. Shareholders have the right to receive dividends, appoint a proxy, convene a General Meeting, include additional items on the agenda of a General Meeting and hold such other rights as defined by the Swiss Code of Obligations ("SCO").

Legitimacy of shareholders

For each share, the Company accepts only one beneficiary: for bearer shares by legitimation through the possession of the titles and for registered shares, the legitimacy of shareholders is determined by the names as per the register of shares.

Transfers of registered shares

The transfers of registered shares require in each case the consent of the Board of Directors (the "Board"). Until such consent is granted, the ownership of the shares and all rights therefrom remain with the seller. The Board can refuse the transfer of registered shares of the Company without explanation when the Board is prepared to buy these shares at their actual value for the account of the Company (up to a maximum of 20 % of the share capital) or for other shareholders or third parties at the time of application for registration into the register.

Board of Directors

The duties of the Board are governed by the SCO, the Articles of Association, and the Organization Regulations.

The composition of the Board shall be no less than three members. At least half of the members of the Board must be persons proposed by the registered shareholders.

The Board annually elects a President and a Vice-President among those members who were elected based on the proposal of the registered shareholders. The Board establishes regulations and elects a secretary who does not have to be a member of the Board nor a shareholder.

Elections and resolutions of the Board are passed by absolute majority of the votes cast by its elected members. In the case of a tie, the President casts the deciding vote.

The Board manages the Company and decides on all matters except those specifically specified by laws and the Articles of Association as falling into the competence of another body of the Company. The Board has the following non-transferable and inalienable duties:

a) the ultimate management of the Company and the issuance of the necessary directives;
b) the establishment of the organization;
c) the structure of the accounting system, financial planning and controls;
d) the appointment and removal of the management team and proxies;
e) the ultimate supervision of the management team, particularly in respect of compliance with laws, the Articles of Association, regulations, and directives;
f) the preparation of the business report, organization of the General Shareholders' Meeting and implementation of shareholders' resolutions; and
g) the notification to the judge in case of insolvency.

The Board issued the Organizational Regulations of the Company on September 22, 1997. The Organizational Regulations set out the duties and the responsibilities of the Company's governing bodies, which comprised of: The Board, the President and the Executive Members of the Board.

The Board meets as required, but at least twice annually: Once in the first semester (in particular to fix the proposals for the General Shareholders' Meeting) and the other in the second semester (in particular to decide upon the budget and related business).

As a small, and hence efficient body, the Board wishes to advise and decide on all matters as a whole; it has not, therefore, nominated any committees at this time.

The Board is briefed on a monthly basis. Detailed management reports from the controlling system showing the business development including budget-actual comparisons.

Members of the Board

Members of the Board as of December 31, 2007:

Name	Age	Nationality	Function	Since	Elected until
Loo Hooi Keat	53	Malaysia	President	1997	AGM 2008
Thomas Pfister	44	Switzerland	Non-Executive Vice President	2004	AGM 2008
Mirzan bin Mahathir	50	Malaysia	Non-Executive Member	1998	AGM 2008

(AGM = Annual General Meeting)

Secretary of the Board is Frauke Wandrey, Hanover.

Thomas Pfister, Swiss, is a member of the board of directors of Pelikan Faber-Castell (Schweiz) AG, a subsidiary of the Company, and manages this company as a delegate of the board of directors. The other Non-Executive Member of the Board was not a member of Pelikan management in the three financial years preceding the reporting period. None of the Non-Executive Members of the Board of Directors has important business connections with Pelikan except Thomas Pfister with regard to his position as member and delegate of the board of directors of Pelikan Faber-Castell (Schweiz) AG.

Indication of cross-involvement among the boards of listed companies:
Loo Hooi Keat is presently the President/Chief Executive Officer of Pelikan International Corporation Berhad. He is also Executive Vice President and sits on the board of directors of Konsortium Logistik Berhad, a public company listed in the Bursa Malaysia. Mirzan bin Mahathir currently sits on the Board of several public listed companies in Malaysia namely, Worldwide Holdings Berhad and Artwright Holdings Berhad and is President of Asian Strategy and Leadership Institute ("ASLI").

Loo Hooi Keat, Malaysia

Loo Hooi Keat is a certified public accountant and a member of the Malaysian Institute of Certified Public Accountants ("MICPA"). He acts as President of the Board of Directors and Chief Executive Officer of the Group since 1995. He received his training in accountancy from a reputable international accounting firm in Malaysia where he obtained his Certified Public Accountant accreditation. Since then, he has gained over 25 years of experience in various international companies in Malaysia, namely as Group Accountant for the Sime Darby group of companies (1982-1985) and Lion group of companies (1986-1989). He was the Group General Manager for Business Management of United Engineers (Malaysia) Berhad from 1990 to 1992.

Thomas Pfister, Switzerland

Thomas Pfister graduated with diploma as a technician and marketing planner after completing his apprenticeship as a mechanic. Since 1985 he worked in various marketing and sales functions in the technical sector, among others at ITT Multicomponents and Feller AG. Thomas Pfister joined Pelikan (Schweiz) AG in 1990 in the Sales Department and in 1996, he was appointed the Managing Director of Pelikan Faber-Castell (Schweiz) AG. Since 2003 he has been a member and delegate of the board of directors of Pelikan Faber-Castell (Schweiz) AG and Günther Wagner S.A.

Mirzan bin Mahathir, Malaysia

Mirzan bin Mahathir graduated with a Bachelor of Science (Honours) in Computer Science and obtained his Masters in Business Administration from the Wharton Business School in the United States of America. Between 1982 and 1985, he worked for IBM World Trade Corporation in Malaysia as a Systems Engineer. Upon completion of his Masters programme in 1987, he rejoined Salomon Brothers Inc. as an associate in the Proprietary Strategies Department, developing and testing analytical tools and trading strategies. In 1989 he was seconded to Asia Pacific Investment Banking Department of Salomon Brothers Hong Kong Ltd. He is currently director of Worldwide Holdings Berhad and Artwright Holdings Berhad, both listed companies in Malaysia.

Group management (operational)

Name	Age	Nationality	Function
Ng Cheong Seng	36	Malaysia	Head of Group Corporate Services
Gunther Andrée	59	Germany	Head of Group Product Management
Loo Seow Beng	50	Malaysia	Head of Group Procurement
Thorsten Lifka	42	Germany	Head of Group Production and R&D
Hans Paffhausen	58	Switzerland	Head of Regional Sales Europe
Peter Raijmann	48	Netherlands	Head of Regional Finance and Administration, (Sales) Europe
Claudio Esteban Seleguan	46	Argentina	Head of Regional Sales Americas
Safuan Basir	40	Malaysia	Head of Regional Sales Asia/Africa

Ng Cheong Seng

Ng Cheong Seng joined Pelikan Holding AG as Vice President of Corporate Planning in 2003. He is a member of The Association of Chartered Certified Accountants ("ACCA"), United Kingdom, and graduated from University of London with Masters in Financial Management. Since 2007, he is head of Group Corporate Services.

Gunther Andrée

Gunther Andrée has a Master of Science as well as a Master of Business Administration. He joined the Group on January 1, 1998 and is responsible for the worldwide product management. Before he joined Pelikan, he was in-charge of production at “rotring”.

Loo Seow Beng

Loo Seow Beng has a Bachelor of Science in Business. Previously, he worked with a large audit firm. He joined Pelikan Singapore-Malaysia Pte. Ltd. in 1995 and was subsequently transferred to Pelikan Hanover, responsible for the coordination of sales in Asia and rest of the world. He is now in charge of international procurement.

Thorsten Lifka

Thorsten Lifka joined Pelikan Hardcopy Production AG in 2006 as Managing Director. He graduated from a German university with Diploma in Chemistry, and subsequently obtained a PhD in natural science. Since 2007, he is heading the production plants, R&D and industrial sales division of Pelikan global operations.

Hans Paffhausen

Hans Paffhausen has a Bachelor in Process Chemistry. He joined Pelikan Hardcopy Europe in 1977 and was appointed Chief Executive Officer (“CEO”) of Pelikan Hardcopy Europe in 1995. Since then, he has held various positions with increasing responsibilities in departments such as R&D, Engineering and Production and General Management. Since 2007, he is the head of Sales/Marketing Europe of Pelikan International.

Peter Raijmann

Peter Raijmann has a Bachelor in Business Administration. He joined Pelikan Group in 1991 as Group Controller for Europe. In 1996 he was appointed as Head of Controlling department in Hanover and in 2004 was appointed Head of Finance and Administration (Sales) in Europe.

Claudio Esteban Seleguan

Claudio Esteban Seleguan has a Bachelor in Business Administration. He joined Pelikan Group as a manager of Pelikan Costa Rica in 1989. In 1992, he was appointed as Chief Executive Officer of Pelikan Mexico. He also acts as Regional Manager for Latin America, United States of America and Canada.

Safuan Basir

Safuan Basir joined Pelikan Group in 2005 as the Senior Vice President in charge of operations in Asia, Middle East and Africa. He is a fellow member of The Association of Chartered Certified Accountants (“ACCA”), United Kingdom, and a graduate from Nottingham Trent University, United Kingdom. Over the past 10 years, he has had exposure to various Malaysia and regional operational, planning and consultancy work with leading conglomerate in Malaysia and international companies.

Compensation, shareholdings and loans

During the financial year, one of the Board Members was paid a fixed annual fee. Like all employees of the Group, the members of the Group Management are rewarded fairly in accordance with their abilities, experience and performance. The amount and composition of the compensation paid are tailored to the respective sectors and labour market environment. Compensation comprises a fixed basic salary and a performance-related cash bonus. The bonus is determined by the extent to which personal performance objectives, set in advance, have been attained and is also linked to the financial results of the Group. The President approves the compensation of the members of the Group Management and the Audit Board members and informs the Board of Directors during the Board Meetings, held at least twice annually.

Details of the compensation paid to active members of the governing bodies are set out below in compliance with the SWX Swiss Exchange Corporate Governance Directive.

Remuneration of members of the Board of Directors in 2007
CHF (000)

	Salaries	Bonus	Compensation for Board committee members	Pension and social insurance fund	Total
Executive director					
Loo Hooi Keat*	-	-	-	-	-
Non-executive directors					
Thomas Pfister#	-	-	30	-	30
Mirzan bin Mahathir^	-	-	-	-	-
Total remuneration of Board of Directors	-	-	30	-	30

^ Mirzan Mahathir did not receive any remuneration during the current financial year.

Members of the Group Management of Company receive remuneration and benefits as shown in the table below.

Remuneration of members of the Group Management in 2007
CHF (000)

	Salaries	Bonus	Compensation for Board committee members	Pension and social insurance fund	Total
Chief Executive Officer					
Loo Hooi Keat*	418	209	-	85	712
Managing Director					
Thomas Pfister#	165	33	-	14	212

Others@	
Annual salaries	1,927
Bonus	489
Pension and social insurance fund	254
Benefits in kind	103
Total remuneration of Group Management (excluding directors)	2,773

* Remuneration of Loo Hooi Keat is paid by the parent company, Pelikan International Corporation Berhad, in the capacity as Chief Executive Officer ("CEO") of Pelikan International Corporation Berhad Group (including Pelikan International Corporation Berhad direct subsidiaries, Pelikan Holding AG Group and Pelikan Hardcopy Holding Group).

\# Remuneration of Board Fees to Thomas Pfister serving as a Non-Executive Vice President is paid by the Company. Remuneration as Managing Director of Pelikan Faber-Castell (Schweiz) AG is paid by that company.

@ Included in others are remuneration to Hans Paffhausen and Thorsten Lifka, paid by Pelikan Hardcopy Holding AG and the remuneration for Eckhard Seewöster, the former Head of Sales/ Marketing Europe, who had retired during the financial year.

- The President and CEO Loo Hooi Keat was the member of the Board of Directors and Group Management with the highest total remuneration for 2007.
- No severance payments was made in 2007 to any Board Member or Member of the Group Management who resigned in earlier years.
- No compensation was paid in 2007 financial year to members of the Board of Directors or Group Management who stepped down in the previous period.
- There was no non-cash compensation in the form of shares or options or any other form given to the Company's governing bodies.
- Non-Executive Board Members held 10 shares in Pelikan Holding AG. Indirect interest of Loo Hooi Keat in Pelikan Holding AG through Pelikan International Corporation Berhad is 87.63%. None of the members of the management team held shares in Pelikan Holding AG as of December, 31 2007.
- No advances or credits were granted to any members of the Board of Directors.
- There are no pension commitments in respect of current or former members of the Board of Directors of Pelikan Holding AG.
- There are no consulting agreements with any of the Board Members.

Options

Since options have never been part of the compensation package paid to members of the Executive Committee or the Board of Directors, neither they nor persons closely linked to them possess any such options.

Loans to members of the governing bodies

As of December 31, 2007, neither Pelikan Holding AG nor its subsidiaries had granted any guarantees, loans, advances or credit facilities to members of the Executive Committee or the Board of Directors.

Changes in control - Opting out

The Articles of Association of Pelikan Holding AG contain the following “opting-out” clause under the heading “Obligation to make an offer according to the Stock Exchange Act”:

The duty to submit a public offer according to Articles 32 and 52 of the Stock Exchange Act in Switzerland (“BEHG”) shall not be applicable according to Article 53 of BEHG.

Calling of the Annual General Meeting

The Articles of Association of Pelikan Holding AG do not contain any regulations concerning the calling of the Annual General Meeting that deviate from those laid down by law.

Agenda

A shareholder or several shareholders representing together a par value of at least more than one million Swiss Francs are entitled to request at the Ordinary General Shareholders’ Meetings to discuss and resolve upon specific matters of business that will be included in the agenda and sent with the invitation. The Board, at the latest, must receive this request by the end of the financial year preceding the meeting in writing. Motions not in line with laws or the Articles of Association must not be included for discussion.

Resolutions and elections at General Meetings

Each share carries one vote. Each shareholder can be represented by proxy in writing at the General Shareholders’ Meeting. The Board can issue conditions to verify the possession of the share titles. The Board can regulate the issuance of voting cards and the form of the power of attorney.

The General Shareholders’ Meeting can pass a resolution independent of the number of shareholders present or shares represented, as long as the legally binding or statutory provisions and regulations have been adhered to.

The General Shareholders’ Meeting makes its resolutions and executes its elections with the simple majority of the submitted shareholder votes, subject to compulsory legal regulations or divergent regulations in the Articles of Association.

The General Shareholders’ Meeting passes resolutions exclusively on:

a) the adoption and the alteration of the Articles of Association;
b) the approval of the annual report;
c) the approval of the annual financial statements, resolution on the balance profits, especially the declaration of dividend and remuneration of directors in accordance with Art. 671 and 677 SCO;
d) the discharge of the members of the Board;
e) the election of members of the Board;
f) the election of auditors of the Company and the Group;
g) the adoption of resolutions on matters which are reserved to the General Shareholders’ Meeting by law and by the Articles of Association or which are being brought to decision by the Board of Directors.

Auditors

BDO Visura has been appointed external auditor of Pelikan Holding AG and Group auditors since 2005. The worldwide audit fee for 2007 financial year amounted to CHF 0.41 million whereof CHF 0.33 million concern BDO. Other consulting costs of audit firms such as business consulting, taxation and legal consulting amounted to CHF 0.19 million in total whereof CHF 0.06 million concerns BDO.

The auditors are elected during the Annual General Meeting of Shareholders every year. The auditor in charge, Andrea Wyss has held that position since 8 January 2006.

The communication with Board of Directors by the Auditors is via a written representation such as the management letter and ad-hoc meetings as required.

Information Policy

Pelikan Holding AG provides information to its shareholders through annual reports and interim reports. In addition, press releases on significant events in accordance with the SWX ad-hoc reporting requirements are published.

The Company's official publication is the Swiss Commercial Gazette (SHAB).
Information is also available on the Company's website at www.pelikan.com. Addresses of the Group companies are listed on pages 52 to 55.

Pelikan Group

Financial Statements 2007

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2007

	Note	**Dec. 31, 2007 CHF (000)**	Dec. 31, 2006 CHF (000)
ASSETS			
Fixed assets			
Intangible assets	2	**37,256**	17,762
Tangible assets	3	**42,608**	33,523
Financial assets	4	**14,176**	11,872
Deferred tax assets	5	**12,825**	11,725
		106,865	74,882
Current assets			
Inventories	6	**60,190**	49,127
Prepayments		**958**	482
Receivables from third parties and other assets	7	**73,428**	48,372
Receivables from unconsolidated companies		**962**	1,094
Receivables from parent company and its related companies	8	**19,317**	19,537
Cash and bank		**16,584**	10,324
		171,439	128,936
TOTAL ASSETS		**278,304**	203,818
EQUITY AND LIABILITIES			
Shareholders' equity			
Capital stock	9	**100,100**	100,100
Revaluation reserve		**9,063**	10,304
Retained earnings	10	**(77,638)**	(81,331)
Total equity excluding minorities		**31,525**	29,073
Minority interests		**15,399**	14,334
Total equity		**46,924**	43,407
Non-current liabilities			
Bank liabilities	13	**27,727**	-
Provisions for pensions and similar commitments	11	**86,429**	87,819
Provisions for deferred taxes	5	**1,000**	816
Other provisions	12	**4,430**	4,537
		119,586	93,172
Current liabilities			
Bank liabilities	13	**30,998**	21,883
Accounts payable		**20,982**	14,673
Payables to unconsolidated companies		**-**	13
Payables to parent company and its related companies	14	**17,424**	5,201
Taxes payable		**1,645**	3,632
Provisions for pensions and similar commitments	11	**4,909**	5,290
Other provisions	12	**1,607**	1,431
Other liabilities		**34,201**	15,095
Deferred income		**28**	21
		111,794	67,239
TOTAL EQUITY AND LIABILITIES		**278,304**	203,818

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2007

	Note	**2007 CHF (000)**	2006 CHF (000)
Net sales	15	**282,178**	211,340
Change in the level of finished goods and work in process		**(648)**	1,772
Other operating income	16	**4,518**	5,458
Materials purchased		**(137,876)**	(94,428)
Personnel expenses	17	**(64,888)**	(54,889)
Depreciation and amortization		**(10,099)**	(5,243)
Other operating expenses	18	**(59,745)**	(46,136)
Result from operations		**13,440**	17,874
Result from unconsolidated companies		**2,970**	2,480
Result before financial items and taxation		**16,410**	20,354
Interest and similar income	19	**1,611**	794
Interest and similar expenses	20	**(4,383)**	(1,607)
Exchange rate gain		**71**	407
Result before non-operating items		**13,709**	19,948
Expenses for pensioners		**(4,326)**	(5,290)
Result before taxation		**9,383**	14,658
Taxes	21		
- Company and subsidiaries		**(2,540)**	5,395
- Associated companies		**(428)**	(608)
		(2,968)	4,787
Net result for the year		**6,415**	19,445
Profit due to minority interests		**(2,480)**	(1,743)
Consolidated net result for the year		**3,935**	17,702

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007 CHF (000)	2006 CHF (000)
Cash flows from business activities		
Net result for the year before minority interest	**6,415**	19,445
Adjustments for :		
Result from unconsolidated group companies	**(2,542)**	(1,872)
Depreciation and amortization	**10,099**	5,243
Book losses from disposals of fixed assets	**44**	111
Deferred taxes	**792**	(8,488)
Non-cash item	**-**	399
Cash flows before working capital changes	**14,808**	14,838
Change in pension provisions	**(4,724)**	(3,207)
Change in accounts receivables, other assets and prepayments	**(17,577)**	(18,940)
Change in inventories	**(2,784)**	(1,713)
Change in payables, other liabilities and deferred income	**20,397**	(815)
Change in other provisions	**(64)**	(876)
	10,056	(10,713)
Cash flows from investing activities		
Investments in intangible assets	**(1,006)**	(466)
Investments in tangible assets	**(7,880)**	(8,404)
Acquisition of business	**(2,640)**	-
Acquisition of subsidiaries	**(12,289)**	-
Disposals of tangible assets	**81**	2,031
Dividend from unconsolidated companies	**394**	1,252
Disposal of investments	**38**	30
	(23,302)	(5,557)
Cash flows from financing activities		
Repayment from former parent company and its related companies	**-**	8,746
Changes in bank liabilities	**19,017**	8,810
Dividend to minorities	**(225)**	(1,851)
	18,792	15,705
Effect of exchange rate changes and inflation adjustments	**714**	(920)
Net change in cash and cash equivalents	**6,260**	(1,485)
Cash and cash equivalents at January 1	**10,324**	11,809
Cash and cash equivalents at December 31	**16,584**	10,324

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2007

CHF (000)	Capital Stock	Revaluation Reserves	Retained earnings (Note 10)	Total Equity excluding minorities	Minority interest	Total Equity
Balance Jan. 1, 2006	100,100	9,645	(96,721)	13,024	15,204	28,228
Result 2006	-	-	17,702	17,702	1,743	19,445
Dividends	-	-	-	-	(1,851)	(1,851)
Revaluations due to inflation	-	474	-	474	474	948
Translation adjustments	-	185	(2,312)	(2,127)	(1,236)	(3,363)
Balance Dec. 31, 2006	100,100	10,304	(81,331)	29,073	14,334	43,407
Acquisition of subsidiary	-	-	-	-	**(511)**	**(511)**
Result 2007	-	-	**3,935**	**3,935**	**2,480**	**6,415**
Dividends	-	-	-	-	**(225)**	**(225)**
Revaluations due to inflation	-	**431**	-	**431**	**432**	**863**
Translation adjustments	-	**(1,672)**	**(242)**	**(1,914)**	**(1,111)**	**(3,025)**
Balance Dec. 31, 2007	**100,100**	**9,063**	**(77,638)**	**31,525**	**15,399**	**46,924**

Summary of Significant Accounting Policies for the year ended December 31, 2007

General principles

The consolidated financial statements are prepared in accordance with Swiss GAAP FER as well as with the provisions of the Swiss Code of Obligations.

Consolidation principles

Companies consolidated

The consolidated financial statements include those companies in which the parent company, Pelikan Holding AG, holds directly or indirectly more than 50% of the voting rights. The companies included in the consolidation are shown in the list of group companies on pages 38 to 39. One company, Productos Pelikan SA de CV, Mexico, in which the parent company holds an investment of less than 50%, but which is under its management control, has also been consolidated.

Investments of between 20% and 50% are accounted for under the equity method. The respective portions of the equity and of the profit or loss for the year of such investments are included in the consolidated financial statements. Investments of less than 20% are carried at cost less necessary valuation provisions.

Consolidation period

The consolidation period is the calendar year.

Accounting

The individual financial statements included in the consolidation have been prepared according to the Group's standard accounting and valuation principles. For this purpose, the companies prepare second financial statements (Company Financial Statements) besides the regular financial statements prepared according to the laws of the respective countries. These Company Financial Statements show a true and fair view of the financial position and results of operations of the companies and are also examined and reported on by the companies' auditors.

Currency translation

The balance sheets of the foreign companies have been translated at year-end exchange rates. The profit and loss accounts have been translated at the average exchange rates ruling during the year. The differences resulting from utilization of differing exchange rates for the translation of balance sheets and profit and loss accounts are applied to shareholders' equity. Translation differences arising from movements in the exchange rates used to translate long-term intercompany financing transactions that represent part of net investment are also allocated to shareholders' equity. The exchange rates used are:

	2007		2006	
	Year-end rate	**Average rate**	Year-end rate	Average rate
	CHF	**CHF**	CHF	CHF
1 EUR	**1.66**	**1.64**	1.61	1.58
1 USD	**1.13**	**1.19**	1.22	1.25
1 MYR	**0.34**	**0.35**	0.35	0.34
100 MXN	**10.34**	**10.93**	11.29	11.44
1 ARS	**0.36**	**0.37**	-	-

Consolidation method
The consolidation is based on the purchase method. The shares of third parties in the equity and in the result for the year of the consolidated companies have been calculated at the balance sheet date and are shown separately in the balance sheet and profit and loss account as minority interest.

Consolidation adjustments
The sales, expense/income and receivables/payables between the consolidated companies and the profits arising from the intercompany transactions have been eliminated. In those cases where group companies have given guarantees in respect of the liabilities of other consolidated companies, the contingent liabilities shown in the individual balance sheets become irrelevant in view of the disclosure of the primary liabilities in the consolidated financial statements.

Valuation policies

Intangible fixed assets
Intangible fixed assets include goodwill arising from the acquisition of business activities as well as formulas, licenses, trademarks and similar rights acquired from third parties. Goodwill and other intangible assets are amortized to the income statement over their estimated useful life of 5 to 15 years, using the straight-line method. The valuation of intangible assets is yearly checked and required impairment adjustments are charged to the income statement.

Tangible fixed assets
Tangible fixed assets are stated at their acquisition or manufacturing costs less accumulated depreciation. The carrying amounts are reviewed annually with respect to impairment and the appropriate charge, if any, is booked to income statement. Inflation-related revaluations of fixed assets in countries with high inflation rates have been made and are also included in the Company Financial Statements which are used for consolidation. These revaluations are not taken to income statement but are included under the balance sheet heading “Revaluation reserve”. All profit or loss from disposals of tangible fixed assets is booked to income statement.

Estimated useful lives of tangible fixed assets are as follows:

Buildings	48 – 50 years
Machinery and technical equipment	10 – 30 years
Mould	1 – 25 years
Office and other equipment	3 – 10 years
Motor vehicles	4 – 7 years

Improvements that extend the useful life or increase the value of an asset are capitalized and depreciated over the remaining useful life of the asset. All other maintenance and repair expenditures are charged to the income statement as incurred. Assets of relatively minor value are also charged directly to the income statement.

Financing costs incurred during the construction of tangible assets are taken directly to the income statement.

Financial assets
Financial assets are valued at acquisition cost less provisions for specific debtors’ risks.

Inventories
The inventories are valued primarily at the lower of average purchase or manufacturing costs and net realizable value and are stated net of deduction of provisions for obsolescence risks.

Receivables
Trade receivables and other receivables are shown at invoiced amounts less appropriate provisions for debtors' risks. Specific provisions for doubtful debts are accounted for where required and deferred credit risks are also considered.

Cash and bank
Cash and bank include cash on hand, postal checking, bank account balances and time deposits.

Tax provisions
Tax provisions are for income and capital taxes. Provisions for deferred taxes resulting from the valuation differences between the tax accounts prepared according to local rules and the carrying amounts used for the consolidation are included under provisions for deferred taxes.
Deferred tax assets are capitalized to the extent that it is probable that sufficient taxable profit will be available to allow the benefit of that deferred tax asset to be utilized.

Other Provisions
Provisions are recognized if present obligations based on past events are known and probable, and a reliable estimate of the amount can be made.

Leases
The present value of contractual lease obligations is recognised on the balance sheet if the significant contractual risks and rewards have been transferred to the consolidated entity. Lease instalments are divided into an interest and a redemption component based on annuity method. Assets held under such finance leases are depreciated over the shorter of their useful life or the lease term. Operating lease instalments are charged to the income statement on a straight line basis over the lease term.

Employee pensions
The pension obligations of group companies in relation to retirement, death and disability benefits are based on local rules and customs in each country. Regular contributions are paid to government bodies, autonomous pension funds or insurance companies. The pension and benefit payments made during the accounting period and the regular contributions to the various pension funds are charged to the income statement. Actuarial reviews are undertaken regularly. There are defined benefit and contribution plans. The pension obligation of the defined benefit plans are calculated using the Projected Unit Credit Method.

Research and development
Research expenditure is recognised as an expense when incurred. Development costs are capitalized when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the costs can be measured reliably and are amortised from the commencement of commercial production of the product to which they relate over the period of their expected benefit, not exceeding 10 years.

Derivative financial instruments
Derivative financial instruments are used to hedge against foreign currency risks. For such transactions, the same valuation principles apply as for the underlying transaction. As of December 31, 2007, there were no open foreign exchange contracts.

Segment reporting
Net sales from goods and services have been analysed according to geographical segments only as the Group's operations are concentrated on a single business segment.

Pelikan Group

1. Acquisition of subsidiaries

German Hardcopy AG Group

On 1 April 2007, the Group acquired 90% of the capital stock in German Hardcopy AG and its subsidiaries, namely German Hardcopy ccc GmbH and German Hardcopy doo GmbH (collectively referred to as 'GHAG Group') for a cash consideration of CHF 6.5 million. The remaining 10% shares are held by German Hardcopy AG. The results of the operations have been included in the consolidated financial statements since that date. The principal activities of German Hardcopy AG includes manufacturing and distribution of hardcopy related products (ie. printer cartridges and consumables) under the Geha, Emtec, Boeder and I-change trademarks as well as OEM (Original Equipment Manufacturer) printer supplies and assortment.

Pelikan Argentina S.A.

By 1 July 2007, Productos Pelikan S.A. de C.V., a subsidiary of Pelikan Holding AG completed the acquisition of 87.71% equity interest in Pelikan Argentina S.A. for a cash consideration of CHF 4.3million. The equity interest of Productos Pelikan S.A. de C.V. in Pelikan Argentina S.A. increased to 93.76% with subsequent increase in share capital in Pelikan Argentina during the year. The effective equity interest of the Group in Pelikan Argentina S.A. increased to 53%. The results of the operations have been included in the consolidated financial statements since that date. The principal activity of Pelikan Argentina S.A. includes the distribution of office, school and stationery supplies under the Pelikan brand in Argentina.

The following table summarises the fair values of assets and liabilities at the dates of acquisition :

Date of acquisition	**GHAG Group 1 April 2007 TCHF**	**Pelikan Argentina 1 July 2007 TCHF**
Cash and cash equivalents	70	48
Accounts receivable, net	5,788	1,407
Inventories	6,174	1,297
Prepaid expenses	782	26
Tangible assets, net	6,460	221
Intangible assets	669	-
Deferred tax asset	1,872	-
Total assets acquired	**21,815**	**2,999**
Accounts payables	(3,778)	(732)
Accruals	(4,593)	(554)
Bank liabilities	(15,504)	(1,566)
Deferred tax liability	(382)	-
Total liabilities assumed	**(24,257)**	**(2,852)**
Fair value of identifiable net assets acquired	**(2,442)**	**147**

2. Intangible assets

CHF (000)	Trademarks	Development costs	Goodwill	Computer software license	Total
Cost					
Opening balance Jan. 1, 2007	10,694	1,009	16,117	-	27,820
Acquisition of subsidiaries	377	-	14,150	294	14,821
Acquisition of business	-	-	7,847	-	7,847
Investments	-	939	-	67	1,006
Translation difference	330	38	447	7	822
Ending Balance Dec. 31, 2007	**11,401**	**1,986**	**38,561**	**368**	**52,316**
Accumulated depreciation					
Opening balance Jan. 1, 2007	6,142	201	3,715	-	10,058
Amortisation	679	258	3,675	74	4,686
Translation difference	190	8	117	1	316
Ending Balance Dec. 31, 2007	**7,011**	**467**	**7,507**	**75**	**15,060**
Net book value					
Ending Balance Dec. 31, 2007	**4,390**	**1,519**	**31,054**	**293**	**37,256**
Ending Balance Dec. 31, 2006	4,552	808	12,402	-	17,762

Trademarks include mainly GEHA trademarks which were acquired in 1998 and is amortised on a straight-line basis over 15 years.

Goodwill of CHF 14.5 million arose from acquisition of new subsidiaries and goodwill of CHF 7.8 million arose from acquisition of Hardcopy business (ie. printer cartridges and consumables) during the year. These goodwill are amortised on a straight-line basis over 5 years.

3. Tangible assets

CHF (000)	Land and buildings	Machinery and technical equipment	Motor vehicles, mould, production and office equipment	Assets under construction	Total
Cost					
Opening balance Jan. 1, 2007	22,974	49,133	35,401	2,768	110,276
Acquisition of subsidiaries	1,786	658	5,636	225	8,305
Investments	98	1,119	4,114	2,549	7,880
Disposals	-	(1,039)	(577)	-	(1,616)
Transfers	-	1,262	1,217	(2,479)	-
Revaluation due to inflation	484	609	116	-	1,209
Translation differences	(809)	(482)	687	60	(544)
Ending Balance Dec. 31, 2007	**24,533**	**51,260**	**46,594**	**3,123**	**125,510**
Accumulated depreciation					
Opening balance Jan. 1, 2007	13,374	38,389	24,990	-	76,753
Acquisition of subsidiaries	-	103	1,258	260	1,621
Disposals	-	(1,038)	(453)	-	(1,491)
Depreciation	315	1,541	3,557	-	5,413
Revaluation due to inflation	190	461	77	-	728
Translation differences	(212)	(376)	473	(7)	(122)
Ending Balance Dec. 31, 2007	**13,667**	**39,080**	**29,902**	**253**	**82,902**
Net book value					
Ending Balance Dec. 31, 2007	**10,866**	**12,180**	**16,692**	**2,870**	**42,608**
Ending Balance Dec. 31, 2006	9,600	10,744	10,411	2,768	33,523

Insurance values of the tangible assets amounted to CHF 130.4 million as of December 31, 2007 (2006: CHF 119.5 million). Details on the investments in tangible assets which amount to CHF 7.9 million (2006: CHF 8.4 million) are given on page 5.

4. Financial assets

CHF (000)	Unconsolidated investments	Long-term securities	Total
Opening balance Jan. 1, 2007	11,005	867	11,872
Share of current year net result	2,542	-	2,542
Dividends	(394)	-	(394)
Other movements	-	(38)	(38)
Translation adjustments	167	27	194
Ending Balance Dec. 31 2007	**13,320**	**856**	**14,176**

As at December 31, 2007, the total proportionate share in equity of investments accounted for using the equity method amounted to CHF 13.28 million (2006: CHF 11.0 million). Investments under 20% are carried at CHF 0.04 million (2006: CHF 0.03 million) being cost less necessary valuation provisions.

The unconsolidated group companies are shown in the list of group companies on pages 38 to 39.

5. Deferred tax

CHF (000)	**2007**	2006
Deferred tax assets from:		
- Temporary differences	**2,417**	3,433
- Net losses	**10,408**	8,292
Total deferred tax assets	**12,825**	11,725
Deferred tax liabilities from:		
- Temporary differences	**1,000**	816
Total deferred tax assets, net	**11,825**	10,909

Movements in deferred taxes during the year were as follows:

CHF (000)	**2007**	2006
Opening Balance Jan. 1	**10,909**	2,209
Acquisition of subsidiaries	**1,490**	-
(Expenses)/Income from deferred taxes	**(792)**	8,488
Translation adjustments	**218**	212
Ending Balance Dec. 31	**11,825**	10,909

5. Deferred tax (cont'd)

The available trade tax losses carry forward amounted to CHF 154.4 million, for which no deferred tax asset has been recognised. Assuming a tax rate of 14.5%, a further CHF 22.4 million would be available to be offset against future taxes payable. These tax losses relate to subsidiaries in Germany.

6. Inventories

CHF (000)	**2007**	2006
Raw material, stores and operating supplies	**7,673**	7,234
Work in process	**12,519**	11,435
Finished products and merchandise	**43,999**	34,722
Goods in transit	**1,874**	465
Payments on account	**375**	402
Value adjustments	**(6,250)**	(5,131)
Total	**60,190**	49,127

7. Receivable from third parties and other assets

CHF (000)	**2007**	2006
Trade accounts receivable	**63,453**	38,500
Other assets	**9,975**	9,872
Total	**73,428**	48,372

As of December 31, 2007 derecognized accounts receivables under financing agreement amounted to CHF 16.3 million (2006: CHF 6.0 million). The accounts receivable are stated at their nominal values less allowance for bad and doubtful debts of CHF 2.0 million (2006: CHF 1.3 million). The other assets primarily comprised security retention, tax reclaims and restricted cash.

8. Receivables from parent company and its related companies

CHF (000)	**2007**	2006
Pelikan International Corporation Berhad, Malaysia	**1,034**	5,022
Pelikan Singapore Pte Ltd	**1,473**	1,061
Pelikan Middle East FZE, United Arab Emirates	**1,757**	285
Pelikan Polska Sp.z.o.o, Poland	**754**	3,111
Pelikan Produktions AG, Switzerland	**7,948**	7,334
Pelikan Hardcopy Production AG, Swizerland	**2,328**	-
PBS Office Supplies Pte Ltd (formerly known as Pelikan Singapore-Malaysia Pte Ltd), Singapore	**1,966**	2,266
Others	**2,057**	458
Total	**19,317**	19,537

9. Capital stock

At December 31, 2007, the capital stock of CHF 100.1 million comprises the following shares:

539,000 Registered shares of nominal CHF 65
1,001,000 Bearer shares of nominal CHF 65

10. Retained earnings

Retained earnings include legal and local statutory revaluation reserves of Pelikan Holding AG of CHF 13.5 million (2006: CHF 13.5 million) which are not distributable.

11. Provisions for pensions and similar commitments

CHF (000)	**2007**	2006
Balance Jan. 1	**93,109**	93,290
Acquisition of business	**232**	-
Reclassification from provisions and other liabilities	-	1,366
Charged to income statement	**4,503**	6,037
Utilized during the year	**(9,227)**	(10,610)
Translation adjustments	**2,721**	3,026
Balance Dec. 31	**91,338**	93,109

CHF (000)	**2007**	2006
Current	**4,909**	5,290
Non-current	**86,429**	87,819
Total	**91,338**	93,109
German companies	**85,203**	87,395
Others	**6,135**	5,714
Total	**91,338**	93,109

11. Provisions for pensions and similar commitments (Contd.)

German companies

The pension provisions of German companies are based on the yearly updated actuarial calculations in accordance with the "Projected Unit Credit Method" calculated according to the following assumptions:

CHF (000)	2007	2006
Market value of plan assets	**-**	-
Return on plan assets	**Not applicable**	Not applicable
Discount rate	**5.40% p.a.**	4.25% p.a.
Expected future salary increase	**2.50% p.a.**	2.50% p.a.
Expected future pension increase		
- general pension promises due to economical situation	**0.00%**	0.00%
- individual promises	**1.50% p.a.**	1.50% p.a.
Expected future turnover	**1.00% p.a.**	1.00% p.a.

The decrease of the discount rate in earlier years resulted in the following unrecognized actuarial loss:

CHF (000)	2007	2006
Present value of unfunded obligations	**86,970**	97,710
Unrecognized actuarial loss	**(1,767)**	(10,315)
Net pension liability in balance sheet	**85,203**	87,395

Persons entitled:
All employees, who are in fixed employment except:
- employees, who started fixed employment after 31.12.1983;
- employees, who work only temporary or irregularly and home workers;
- employees, who reached the age of 55 years (men) and the age of 50 (women) when they started their employment;
- the management, who has separate pension agreements;

Coverage:
- Pensions
- Early pensions
- Disability
- Survivorship

12. Other provisions

CHF (000)	2007	2006
Balance Jan. 1	**5,968**	6,651
Acquisition of subsidiaries	**739**	-
Reclassification from other liabilities	**-**	669
Charged to income statement	**1,622**	624
Utilized during the year	**(2,425)**	(2,177)
Translation adjustments	**133**	201
Balance Dec. 31	**6,037**	5,968
Current	**1,607**	1,431
Non-current	**4,430**	4,537
Total	**6,037**	5,968

Other provisions comprise of warranty claims of CHF 1.2 million (2006: CHF 0.7 million), personnel related benefits of CHF 4.8 million (2006: CHF 5.3 million).

13. Bank liabilities

All bank liabilities are mainly denominated in EUR. The liabilities are partially secured by the following liens and charges:

CHF (000)	2007	2006
Receivables	**5,401**	6,787
Inventories	**7,616**	-
Tangible assets	**4,289**	666
Total	**17,306**	7,453

The bank liabilities of the Company amounting to CHF 5.0 million are secured by shares in a subsidiary, German Hardcopy AG.

14. Payables to parent company and its related companies

CHF (000)	2007	2006
Pelikan International Corporation Berhad, Malaysia	**5,587**	5,023
Pelikan Hardcopy (International) AG, Switzerland	**10,579**	-
Others	**1,258**	178
Total	**17,424**	5,201

15. Net sales

CHF (000)	**2007**	2006
Sales to third parties	**268,779**	199,539
Sales to related parties	**13,399**	11,801
Total	**282,178**	211,340

	2007		2006	
Sales by region	**CHF (000)**	**%**	**CHF (000)**	**%**
Germany	**153,031**	**54.3%**	96,787	45.8%
Italy	**26,148**	**9.3%**	23,532	11.1%
Switzerland	**15,497**	**5.5%**	12,839	6.1%
Rest of Europe	**30,077**	**10.6%**	27,621	13.1%
Total Europe	**224,753**	**79.7%**	160,779	76.1%
Latin-America	**37,771**	**13.4%**	31,350	14.8%
Other countries	**19,654**	**6.9%**	19,211	9.1%
Total	**282,178**	**100.0%**	211,340	100.0%

16. Other operating income

CHF (000)	**2007**	2006
Income from the release of provisions	**250**	1,016
Income from licenses	**521**	1,157
Others	**3,747**	3,285
Total	**4,518**	5,458

17. Personnel expenses

CHF (000)	**2007**	2006
Salaries and wages	**51,095**	43,249
Social security contributions and other welfare expenses	**12,500**	10,759
Pension contributions	**1,293**	881
Total	**64,888**	54,889

The headcount as well as the changes in the number of employees are shown on page 5. Pension expenses for retired employees are shown separately below the result before non-operating items.

18. Other operating expenses

CHF (000)	**2007**	2006
Occupancy costs	**7,034**	5,562
Outwards freight, packaging	**6,698**	4,639
Energy, other operating expenses	**5,741**	3,400
Licenses and commissions	**3,642**	2,927
External costs for logistics, administration, sales	**10,096**	7,308
Sales promotion	**14,553**	11,392
Travel expenses	**2,662**	2,351
Communication, EDP	**1,781**	1,228
Administration costs	**5,064**	4,794
Provision for doubtful debts	**924**	1,262
Others	**1,550**	1,273
	59,745	46,136

19. Interest and similar income

CHF (000)	**2007**	2006
Interest income		
- third parties	**1,611**	589
- previous main shareholder	-	205
Total	**1,611**	794

20. Interest and similar expenses

CHF (000)	**2007**	2006
Interest expense third parties	**4,040**	1,227
Monetary correction due to inflation	**343**	380
Total	**4,383**	1,607

21. Taxes

CHF (000)	**2007**	2006
Current income taxes	**2,176**	3,701
Deferred income taxes	**792**	(8,488)
Total	**2,968**	(4,787)

Tax expense comprises the income and capital taxes of the current business year and tax adjustments in respect of prior years. Non-recoverable withholding taxes on distributions by group companies are also included under this heading.

22. Other financial commitments

CHF (000) at nominal values	**2007**	2006
Leasing and rent commitments		
- due next year	**4,612**	3,607
- due within 2-5 years	**8,802**	9,106
- due after 5 years	**164**	950
Total	**13,578**	13,663

The rental periods for land and buildings extend up to the year 2013.

As of December 31, 2007, capital commitment authorised and contracted for amounted to CHF 0.9 million (2006: CHF 1.2 million).

23. Remuneration of/advances to the Board of Directors/Group Management

For Directors' and Group Management's remunerations, refer to Note 7 on Pages 46 to 47.

24. Contingent liabilities/Guarantees

CHF (000)	**2007**	2006
Discounted bills	-	386

25. Related party transactions

Besides the transactions with related parties which are separately disclosed in the Notes, the other related party transactions are as follows:

CHF (000)	**2007**	2006
Income		
License fees and commissions	**706**	956

During the year, the Group acquired Hardcopy business (i.e. printer cartridges and consumables) from Pelikan Hardcopy International AG, a wholly owned subsidiary of its parent company, Pelikan International Corporation Berhad for a total purchase consideration of EUR 1.6 million.

26. Events after the balance sheet date

These consolidated financial statements were approved by the Board of Directors on 25 April 2008. No significant events have occurred since the balance sheet date and up to 25 April 2008, which could have an impact on these consolidated financial statements or which are required to be disclosed.

GROUP AND ASSOCIATED COMPANIES AS OF DECEMBER 31, 2007

Country and location	Name	Capital stock in 1000		Group Holding in %	thereof directly held by Pelikan Holding AG in %	Consolidation	Operation
EUROPE							
Austria							
Brunn	Pelikan Austria GesmbH	EUR	872	100	100	C	H
Brunn	Faber-Castell Pelikan Austria GesmbH	EUR	1,500	50		E	D
Germany							
Hanover	Kreuzer Produktion + Vertrieb GmbH	EUR	26	100		C	O
Hanover	Pelikan GmbH	EUR	7,669	100		C	S
Hanover	Pelikan PBS-Produktion Verwaltungs-GmbH	EUR	26	100	100	C	O
Hanover	Pelikan PBS-Produktionsgesellschaft mbH & Co. KG	EUR	1,100	100	100	C	P
Hanover	Pelikan Vertrieb Verwaltungs-GmbH	EUR	26	100	100	C	O
Hanover	Pelikan Vertriebsgesellschaft mbH & Co. KG	EUR	2,100	100	100	C	D
Hanover	ReMerch GmbH (formerly known as Pelikan Verwaltungs-GmbH)	EUR	95	100	100	C	S
Hanover	QUADRIGA plus GmbH i.L.	EUR	1,000	25		E	O
Brilon	German Hardcopy AG	EUR	237	100	90	C	D
Brilon	German Hardcopy ccc Gmbh	EUR	113	100		C	D
Greece							
Markopoulo-Attica	Pelikan Hellas E.P.E.	EUR	442	100	95	C	D
Markopoulo-Attica	Henkel-Pelikan Office Products Ltd.	EUR	60	49		E	O
Italy							
Milan	Pelikan Italia S.p.a.	EUR	1,560	100		C	D
Netherlands							
Rotterdam	G. Wagner Pelikan Maatschappij B.V.	EUR	3,630	100	100	C	H
Spain							
Barcelona	Pelikan S.A.	EUR	1,000	100		C	D
Switzerland							
Feusisberg	Pelikan Faber-Castell (Schweiz) AG	CHF	500	100	100	C	D
Freiburg	Günther Wagner SA	CHF	100	100	100	C	O
Belgium							
Groot-Bijgaarden	Pelikan Benelux N.V. / S.A.	EUR	837	100	100	C	D
Bosnia							
Odzak	German Hardcopy doo	EUR	1	100		C	P

Pelikan Group

GROUP AND ASSOCIATED COMPANIES AS OF DECEMBER 31, 2007

Country and location	Name	Capital stock in 1000		Group Holding in %	thereof directly held by Pelikan Holding AG in %	Consolidation	Operation
Turkey							
Istanbul	Pelikan Ofis Ve Kirtasiye Malzemeleri Ticaret Ltd Sirketi	TRY	100	60	60	C	D
USA							
Nashville, TN	Pelikan, Inc.	USD	7,633	100	100	C	O
LATIN-AMERICA							
Argentina							
Buenos Aires	Pelikan Argentina S.A.	ARS	4,088	53	6.2	C	P/D
Colombia							
Santafé de Bogotá	Indistri S.A.	COP	3,800,000	20	20	E	P/D
Mexico							
Puebla	Productos Pelikan S.A. de C.V.	MXP	20,119	49.9	49 .9	C	P/D
Venezuela							
Caracas	Artof C.A.	VEB	50,020	25	25	E	O
Costa Rica							
San Jose	Pelikan Costa Rica S.A.	COL	150,059	100	100	C	O
OTHER COUNTRIES							
Australia							
Milperra	Columbia Pelikan PTY Limited	AUD	2,659	40	40	E	P/D
Japan							
Tokyo	Pelikan Japan K.K.	JPY	200,000	25	25	E	D
Malaysia							
Puchong	Pelikan Asia Sdn. Bhd.	MYR	10,500	100	100	C	D

Consolidation:
C = Fully consolidated
E = Equity Accounting
A = At cost

Operation:
P = Production companies
D = Distribution companies
S = Service-, Real estate-companies
H = Holding companies
O = Companies without operational activity

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Report of the group auditors
to the general meeting of

Pelikan Holding AG, Feusisberg

As group auditors, we have audited the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statements of cash flows and changes in equity and notes as per pages 19 to 39) of Pelikan Holding AG for the year ended 31 December 2007.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, result of operations and cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

Zurich, 25 April 2008

BDO Visura

Andreas Wyss	Reto Frey
Auditor in Charge	
Swiss Certified Accountant	Swiss Certified Accountant

Pelikan Holding AG, Feusisberg

Financial Statements
2007

BALANCE SHEET AS AT DECEMBER 31, 2007

	Note	**Dec. 31, 2007 CHF (000)**	Dec. 31, 2006 CHF (000)
ASSETS			
Fixed assets			
Tangible assets		**10**	20
Investments	1	**64,812**	56,868
Loans receivable from subsidiary companies	2	**2,133**	2,186
		66,955	59,074
Current assets			
Other receivables		**2**	1,031
Receivables from subsidiary companies		**496**	-
Receivables from parent and its related companies		**9,943**	9,546
Bank		**4,475**	2,011
		14,916	12,588
TOTAL ASSETS		**81,871**	71,662
EQUITY AND LIABILITIES			
Shareholders' equity			
Capital stock	3	**100,100**	100,100
Legal reserve		**1,166**	1,166
Revaluation reserve	4	**12,286**	12,286
Retained earnings		**(53,731)**	(52,237)
		59,821	61,315
Non-current liabilities			
Bank liabilities	5	**4,311**	-
Current liabilities			
Bank liabilities	5	**3,177**	-
Payables to parent and its related companies		**1,658**	-
Payables to subsidiary companies	6	**9,227**	9,708
Other liabilities to third parties		**3,526**	626
Tax provisions		**151**	13
		17,739	10,347
TOTAL EQUITY AND LIABILITIES		**81,871**	71,662

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2007

	Note	**2007 CHF (000)**	2006 CHF (000)
Income from investments		834	3,336
Administration expenses		(1,437)	(1,536)
Depreciation		(10)	(10)
Exchange differences		(825)	499
Interest income		1,158	396
Interest expense		(897)	(341)
Extraordinary income	8	2,094	4,024
Extraordinary expenses	9	(2,268)	(2,875)
Result before taxation		(1,351)	3,493
Taxes		(143)	4
Net result for the year		(1,494)	3,497

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2007

CHF (000)	Capital stock	Legal reserves	Revaluation reserve	Retained earnings	Total Equity
Balance Jan. 01, 2006	**100,100**	**1,166**	**12,286**	**(55,734)**	**57,818**
Result 2006	-	-	-	3,497	3,497
Balance Dec. 31, 2006	**100,100**	**1,166**	**12,286**	**(52,237)**	**61,315**
Result 2007	-	-	-	(1,494)	(1,494)
Balance Dec. 31, 2007	**100,100**	**1,166**	**12,286**	**(53,731)**	**59,821**

NOTES TO THE FINANCIAL STATEMENTS 2007

1. Investments

The investments of Pelikan Holding AG are shown in the list of group companies on pages 38 to 39. During the financial year, the investments in subsidiaries increased due to the acquisition of:

- German Hardcopy AG (90%), including German Hardcopy ccc GmbH (100%) and German Hardcopy doo (100%)
- Pelikan Faber-Castell (Schweiz) AG [100% (2006: 75%)]

2. Loans receivable from subsidiary companies

The loans receivable are stated at their nominal value less any necessary valuation adjustments.

3. Capital stock

At December 31, 2007, the capital stock of CHF 100.1 million comprises the following shares:

539,000 Registered shares of nominal CHF 65
1,001,000 Bearer shares of nominal CHF 65

4. Revaluation reserve

Revaluation reserve relates to the revaluation of the investments that exceeds the original acquisition costs. This reserve cannot be used for dividend distributions. It can only be utilised by conversion into share capital, depreciation of the revalued assets or on the sale of the revalued assets.

5. Bank liabilities

The bank liabilities of the Company amounting to CHF 5.0 million are secured by shares in a subsidiary, German Hardcopy AG, at carrying value of CHF 6.6 million.

6. Payables to subsidiary companies

At the end of 2007, payables to subsidiary companies include mainly the liabilities to Pelikan GmbH, Hanover, Germany, in the amount of CHF 6.4 million (2006: CHF 6.6 million).

7. Remuneration to members of the Board and Group Management

Remuneration of members of the Board of Directors in 2007
CHF (000)

	Salaries	Bonus	Compensation for board committee members	Pension and social insurance fund	Total
Executive director					
Loo Hooi Keat*	-	-	-	-	-
Non-executive directors					
Thomas Pfister#	-	-	30	-	30
Mirzan bin Mahathir^	-	-	-	-	-
Total remuneration of Board of Directors	-	-	30	-	30

^ Mirzan Mahathir did not receive any remuneration during the current financial year.

Members of the Group Management of Company receive remuneration and benefits as shown in the table below.

Remuneration of members of the Group Management in 2007
CHF (000)

	Salaries	Bonus	Compensation for board committee members	Pension and social insurance fund	Total
Chief Executive Officer					
Loo Hooi Keat*	418	209	-	85	712
Managing director					
Thomas Pfister#	165	33	-	14	212
Others@					
Annual salaries					1,927
Bonus					489
Pension and social insurance fund					254
Benefits in kind					103
Total remuneration of Group Management (excluding directors)					2,773

7. Remuneration to members of the Board and Group Management (Contd.)

* Remuneration of Loo Hooi Keat is paid by the parent company, Pelikan International Corporation Berhad, in the capacity as President and Chief Executive Officer ("CEO") of Pelikan International Corporation Berhad Group (including Pelikan International Corporation Berhad's direct subsidiaries, Pelikan Holding AG Group and Pelikan Hardcopy Holding Group).

Remuneration of Board Fees to Thomas Pfister serving as a Non-Executive Vice President is paid by the Company. Remuneration as Managing Director of Pelikan Faber-Castell (Schweiz) AG is paid by that company.

@ Included in others are remuneration to Hans Paffhausen and Thorsten Lifka, paid by Pelikan Hardcopy Holding AG and the remuneration for Eckhard Seewoster, the former Head of Sales/ Marketing Europe, who had retired during the financial year.

- The President and CEO Loo Hooi Keat was the member of the Board of Directors and Group Management with the highest total remuneration for 2007.
- No severance payments were made in 2007 to any Board Member or Member of the Executive Committee who resigned in earlier years.
- No compensation was paid in 2007 financial year to members of the Board of Directors or Executive Committee who stepped down in the previous period.
- There was no non-cash compensation in the form of shares or options or any other form given to the Company's governing bodies.
- Non-Executive Board Members held 10 shares in Pelikan Holding AG. Indirect interest of Loo Hooi Keat in Pelikan Holding AG through Pelikan International Corporation Berhad is 87.63%. None of the members of the management team held shares in Pelikan Holding AG as of December, 31 2007.
- No advances or credits were granted to any members of the Board of Directors.
- There are no pension commitments in respect of current or former members of the Board of Directors of Pelikan Holding AG.
- There are no consulting agreements with any of the Board Members.

8. Extraordinary income

CHF (000)	**2007**	2006
Service of debt warrants granted in prior years	**2,094**	4,024

9. Extraordinary expenses

CHF (000)	**2007**	2006
Value adjustment for loan to subsidiary	**241**	2,227
Value adjustment for loan with debt warrant to subsidiary	**1,575**	579
Value adjustment for other receivables	**100**	69
Value adjustment for investment in subsidiary	**352**	-
Total	**2,268**	2,875

10. Parent company

As of December 31, 2007, Pelikan International Corporation Berhad, Malaysia, a company listed in Bursa Malaysia Securities Berhad (the Malaysia Stock Exchange) held 87.63 % of the shares of Pelikan Holding AG.

11. Contingent liabilities/ Guarantees

Pelikan Holding AG, Pelikan GmbH and Pelikan PBS-Produktionsgesellschaft mbH & Co. KG jointly guaranteed the obligations of a subsidiary related to the assignment of receivables for financing purposes up to maximum of EUR 10 million (2006: EUR 10 million).

Pelikan Holding AG issued letter of comfort to several financial institutions in favour of its subsidiaries for financial liabilities of a maximum of EUR 19.9 million (2006: EUR 0.5 million).

Pelikan Holding AG, Feusisberg

PROPOSED APPROPRIATION OF ACCUMULATED DEFICIT AS OF DECEMBER 31, 2007

CHF (000)	**2007**	2006
Accumulated deficit at January 1	**(52,237)**	(55,734)
Net result for the year	**(1,494)**	3,497
Accumulated deficit at December 31, to be carried forward	**(53,731)**	(52,237)

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Report of the statutory auditors

to the general meeting of

Pelikan Holding AG, Feusisberg

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement, statement of changes in equity and notes set out on pages 42 to 48) of Pelikan Holding AG for the year ended 31 December 2007.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Zurich, 25 April 2008

BDO Visura

Andreas Wyss	Reto Frey
Auditor in Charge	
Swiss Certified Accountant	Swiss Certified Accountant

INSTITUTIONS / MANAGEMENT as at December 31, 2007

Board of Directors

Loo Hooi Keat
President
Selangor Darul Ehsan / Malaysia

Thomas Pfister
Vice President
Oberrieden / Switzerland

Mirzan bin Mahathir
Member
Selangor Darul Ehsan / Malaysia

Secretary of the Board of Directors

Frauke Wandrey
Hanover / Germany

Auditors

BDO Visura
Zurich / Switzerland

Management

Loo Hooi Keat
Selangor Darul Ehsan / Malaysia

Peter Raijmann
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