



PELIKAN HOLDING AG

2008 ANNUAL REPORT

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REPORT OF THE BOARD OF DIRECTORS

In 2008, the US subprime escalated into a global financial crisis, and ultimately into an economical one affecting economies worldwide. The crude oil prices reached its peak at midyear before gradually easing in the remaining half year. The Group's business is not spared from the negative effects of these events which had weighed down consumer demand and put pressure on costs. Nevertheless, these economic cycles are not uncommon experience to Pelikan Group in our past 170 years' history. This year on April 28, we celebrated our 170th Anniversary worldwide.

The management and employees have put in concerted efforts to embrace the challenges and have its own successes despite the tough operating environment. To name a few, the Group had successfully launched grifix[®] - Learn to Write System which comprises a set of writing instruments which teaches children how to grip a pen correctly without putting stress on their hands. Since its launch, grifix[®] has received multiple accolades and is now greatly in demand. We also expanded deeper into Scandinavia, Netherlands and Austria, having increased our distribution networks there. We also started to have business presence via our holding company, Pelikan International Corporation Berhad Malaysia, in the African countries and the Indian market, both emerging markets for the Group.

At the cost front, we continue to implement costs saving projects to reduce operating costs and increase net margins. We closed down our hardcopy plant in Bosnia and the production is now outsourced to our sister companies elsewhere. Centralised sourcing has been implemented in our global plants and distribution offices, in an effort to consolidate procurement, to have better supplier relationship management and ultimately to reduce input costs and risks. These costs related projects have helped us to cushion the effects on the increased material costs faced in 2008.

The crisis in the midyear has affected consumers' confidence and demands where revenue in the second half slipped more significantly in the last quarter. Overall, the Group recorded net sales of CHF 330.1 million against CHF 282.2 million in 2007. However, we have seen a phenomenon that sales have been contributed more by higher volume of the lower priced and lower margin products. Resulted from the cost escalation in 2008, profit from operations sheared to CHF2.5 million. Tax expense has increased as the Group partially reversed its deferred tax assets provision in view of the less favourable market environment in the foreseeable future.

Having our business pillars built on strong product quality and innovation, we had in the past garnered a good customer following and confidence on our products and services. We are confident that these business pillars backed by the strong PELIKAN brand, the lower material costs this year, more aggressive cost cutting projects and our relentless customers' support will make our business more resilient to the challenges now and ahead.

Lastly, the Board would like to thank the management and the employees for their undying efforts in this challenging year. The Board would also like to thank our shareholders, business partners and associates for their continued support and look forward to the same in the forthcoming years.

On behalf of the Board of Directors

LOO HOOI KEAT
April 30, 2009

KEY FIGURES**Pelikan Group**

	Figures in CHF million				
	2008	2007	2006	2005	2004
Net sales	330.1	282.2	211.3	196.3	194.6
Operating results	2.5	13.4	17.9	10.6	11.2
Ordinary results	0.2	13.3	19.3	12.9	12.7
(Loss)/profit before taxation	(4.1)	9.0	14.2	7.2	7.4
(Loss)/profit before minority interests	(8.5)	6.4	19.4	4.6	6.6
Net (loss)/profit	(11.4)	3.9	17.7	3.3	5.3
Non-current assets	87.5	106.9	74.9	64.3	53.2
Total equity excluding minorities	15.8	31.5	29.1	13.0	6.2
Provisions for pensions	79.0	91.3	93.1	93.3	96.5
Balance sheet total	241.6	278.3	203.8	180.5	162.2
Share of the balance sheet total in %					
Non-current assets	36.2%	38.4%	36.7%	35.6%	32.8%
Total equity excluding minorities	6.5%	11.3%	14.3%	7.2%	3.8%
Provisions for pensions	32.7%	32.8%	45.7%	51.7%	59.5%
Tangible and intangible assets					
Investments	6.6	8.9	8.9	6.0	5.6
Depreciation and amortization	12.7	10.1	5.2	6.7	6.5
Number of employees	1,221	1,236	979	910	883
Personnel expenses	73.7	64.9	54.9	51.5	51.5

Pelikan Holding AG

Result for the year	(1.6)	(1.5)	3.5	1.3	3.5
Dividend	-	-	-	-	-
Shareholders' equity	58.2	59.8	61.3	57.8	56.6

Key figures per share

Data per bearer share in CHF					
Nominal value each CHF65					
Earnings per share	(7.4)	2.6	11.5	2.2	3.5
Dividend per share in %	-	-	-	-	-
Share prices					
Highest	182	212	106	84	29
Lowest	65	115	69	25	19

PELIKAN GROUP

MANAGEMENT REPORT

Business in 2008

Sales for 2008 amounted to CHF 330.1 million (2007: CHF 282.2 million), representing a growth of 17.0% as compared to the previous year. The growth were mainly attributable to the full year consolidation of new subsidiaries acquired in 2007 such as German Hardcopy AG and Pelikan Argentina S.A. as well as the acquisition of hardcopy businesses of Pelikan Hardcopy Holding AG group's sales entities by Pelikan Holding AG's subsidiaries in the years 2007 and 2008.

In 2008, the Group was faced with rising input cost which was mainly caused by the increase in oil prices. Although the oil prices had eased during the second half of the year, the reduction in our input cost did not follow through in 2008. In addition, the global financial crisis spurred by the US subprime issue had prolonged and affected a lot of economies worldwide. This has caused negative consumer sentiments and weighed down demand especially in Europe.

Amidst the tough operating environment in 2008, the Group managed to achieve an operating profit of CHF 2.5 million (2007: CHF 13.4 million). However, the consolidated net result for the year was a loss of CHF 11.4 million (2007: profit of CHF 3.9 million).

Important contracts

In May 2008, Pelikan Holding AG completed the acquisition of 100% equity interest in Goldcup D 3135 AB, a non-operating company incorporated in Sweden, had subsequently changed its name to Pelikan Nordic AB. This company has commenced distribution in Scandinavia from June 2008.

In June 2008, Gunther Wagner Pelikan Maatschappij B. V., a 100% subsidiary of Pelikan Holding AG, took over the distribution of Hardcopy and PBS products in Netherlands from Pelikan Hardcopy International AG. Gunther Wagner Pelikan Maatschappij B. V. later changed its name to Pelikan Nederland B.V.

The non-consolidated Joint Venture with Faber Castell in Austria was 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 business of Pelikan Hardcopy Ges.m.b.H in Austria to distribute Hardcopy and PBS products in Austria.

In December 2008, Pelikan Holding AG incorporated a new subsidiary, Pelikan France SAS, which is the Group's distribution company in France.

Sales

Sales by region	
Germany	53.7%
Italy	8.3%
Switzerland	5.2%
Rest of Europe	14.8%
Latin-America	12.5%
Other countries	5.5%

Sales (Contd.)

The Group continued to focus its attention to develop the markets outside Europe to reduce dependence on the maturing European markets which represents 82.0% of the Group's sales in 2008. The business in Latin America grew by 9.4% despite operating in severe currency depreciation situation in 2008.

Result

In million CHF	2008	2007
(Loss)/profit before taxation	(4.1)	9.0

Operating results of Pelikan Group amounted to CHF 2.5 million in 2008 (2007: CHF 13.4 million). The result from associated in Australia, Japan and Colombia showed a after tax profit of CHF 1.9 million (2007: CHF 2.5 million). Pelikan Group incurred a net interest expense of CHF 4.3 million (2007: CHF 2.7 million), while expenses for pensioners came to CHF 4.3 million (2007: CHF 4.3 million). Taxes (expense) amounted to CHF 4.4 million (2007: CHF 2.5 million). The net loss for the year amounted to CHF 11.4 million (2007: net profit CHF 3.9 million).

At Pelikan Holding AG company level, the financial statements showed a net loss of CHF 1.6 million for the year (2007: net loss CHF 1.5 million).

Personnel

The Group's employees declined in 2008 arising from rationalisation efforts of the distribution and production companies.

Personnel	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Germany	493	511	417
Switzerland	26	26	17
Italy	39	41	36
Rest of Europe	149	131	45
Total Europe	707	709	515
Latin-America	448	446	404
Other countries	66	81	60
Total Group	1,221	1,236	979

Investments in fixed assets

Investments in fixed assets during the year amounted to CHF 5.9 million (2007: CHF 7.9 million). Major investments were made in Germany for, among others, the following projects:

- Tooling and equipment for new production lines for:
 - a) Higher priced writing instruments - Limited Edition 7 Wonders Part 5 Wonders "Hanging Gardens" and Limited Edition "Calculation of times"
 - b) School - writing - grifix® Learn to Write System and design eraser
 - c) School - paint - Redesign and clickbox for paint box K12/K24
 - d) Office - Blanco Correction Sideway Roller "Xycle"

Investments in fixed assets (Contd.)

- Other new equipment for production included roller compactor for production of water colour tablets, component injection moulding machines, filling machine drawing ink and stamp-pad ink.

Quality Management

Pelikan's Hanover operation as well as Pelikan's operation in Mexico have obtained ISO 9001:2000 certification and a new ISO 14001:2004 certification awarded by SGS Société Générale de Surveillance SA, Zurich/Switzerland in 2008. These certifications 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 and that the certified entities are environmental friendly companies with a certified environmental management system.

Furthermore, 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.

Research and development

In 2008, CHF 3.6 million (2007: CHF 4.5 million) were mainly incurred for the following research and development projects:

- Development of Special Edition "Polar Lights"
- Development of Special Edition "Mount Everest"
- Development of Limited Edition "Anniversary Pen 170 Years"
- Development of Limited Edition "Calculation of times"
- Development of Limited Edition "Maki-e Genji"
- Development of Pura "Lady" Writing Instrument

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 world economies remain uncertain at this moment. The shrinking of the gross domestic product growth rates of most European economies poses a challenge to our business as Europe contributes a major part of our revenue. We acknowledge this concentration of risks from the start and have in the past put a lot of effort to build the markets outside Europe such as in Latin America, Asia and Africa. Even though these market expansion efforts require investment time of at least 3 years, we continue these efforts in 2009 to help reduce our dependence on any single market. Nonetheless, we expect 2009 to be a difficult year as already experienced in the first quarter with lower demands especially from Europe due to the recession in most countries therein. Cost reduction and cost containment remain a focus of the Group, more so in this tough market environment.

We believe that at times of crisis like this, despite the threats, it provides us the opportunities to refocus our attention to our strategies, business processes and efforts in order to overcome this difficult time. We trust that the challenges we face in 2009 will eventually make us a fundamentally stronger Group.

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.

PELIKAN 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 SIX Swiss Exchange (formerly known as SWX Swiss Exchange).

Group structure

Pelikan Holding AG Group is organized into four geographical units: Europe, Americas, Middle East/Africa/India, South East Asia and China/Taiwan/Japan/Korea. These units are supported by four centralized functions of: Procurement, Brand Management, Production and Research & Development (R&D) and Group Corporate Services.

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, 2008, 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 the share capital since 1997.

Pelikan Holding AG has neither authorized nor conditional capital. There were no participation certificates or warrants issued 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 amounted to CHF 96.75 million as of December 31, 2008.

Share ownership / Significant shareholders

Pelikan International Corporation Berhad, a company listed in Bursa Malaysia Securities Berhad (the Malaysia Stock Exchange) ("Bursa Malaysia") holds 87.64% 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 purposes, the percentage of voting rights of Pelikan International Corporation Berhad by December 31, 2008 is 45.43%. The voting rights percentage of HSBC Bank Malaysia Berhad is 16.23%, the voting rights percentage of CIMB Bank Malaysia Berhad equals to 12.99% and OCBC Bank Malaysia Berhad and Overseas Chinese Banking Corporation Limited Malaysia (as a Group) hold 12.99% of the voting rights by December 31, 2008 due to the pledge of shares as mentioned above. Valartis Bank 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 share 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 casted 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.

Board of Directors (Contd.)

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 are 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). The Board actually convened twice in 2008.

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 show the business development including budget-actual comparisons. The Board also attends meetings and conferences with the Group Management to discuss about the group's business and strategic directions. Ad hoc meetings were also held by Advisers of certain subsidiaries to brief the Board on certain ongoing projects.

Members of the Board

Members of the Board as of December 31, 2008:

Name	Age	Function	Since	Elected until
Loo Hooi Keat	54	President	1997	AGM 2009
Ng Cheong Seng	37	Vice President	2008	AGM 2009
Peter Raijmann	49	Member	2008	AGM 2009

(AGM = Annual General Meeting)

Secretary of the Board is Frauke Wandrey, Hanover.

The Members of the Board are elected by the general meeting all together if no individual election is requested by the majority of the shareholders in the general meeting (simple majority of the present votes).

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. 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.

Ng Cheong Seng, Malaysia

Ng Cheong Seng joined Pelikan Holding AG as Vice President of Corporate Planning in 2003. He is a member of the The Association of Chartered Certified Accountants (“ACCA”) and Institute of Chartered Accountants in England and Wales (“ICAEW”), United Kingdom, and graduated from University of London with a Masters in Financial Management. He was previously employed under PricewaterhouseCoopers, Kuala Lumpur as audit manager and joined a regional logistics company in Malaysia as Vice President of Business Management. He is now Head of Group Corporate Services. Ng Cheong Seng is a board member of Pelikan Asia Sdn Bhd, Malaysia and a board member of Pelikan Hardcopy Holding AG, Switzerland.

Peter Raijmann, Netherlands

Peter Raijmann has a Bachelor in Business Administration. He joined Pelikan Group in 1991 as Group Controller for Europe. Before he joined Pelikan, he was an internal auditor in a food company in Netherlands. 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. Peter Raijmann is a managing director of Pelikan Vertriebsgesellschaft mbH & Co KG, Germany, Pelikan PBS-Produktionsgesellschaft mbH & Co KG, Germany, Pelikan GmbH, Germany since 2004 and member of the board of directors of several European subsidiaries of the Company.

Group management

Name	Age	Nationality	Function
Loo Seow Beng	51	Malaysia	Head of Group Procurement
Thorsten Lifka	43	Germany	Head of Group Production and R&D
Arno Alberty	48	Germany	Head of Sales and Marketing Europe
Claudio Esteban Seleguan	47	Argentina	Head of Sales Americas

Loo Seow Beng

Loo Seow Beng has a Bachelor of Science in Business. Previously, he worked with a large international 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 the rest of the world. He is presently 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 a Diploma in Chemistry, and subsequently obtained a PhD in natural science. Prior to joining Pelikan, he spent 9 years in international management assignments in research and development and production operations of AFGA Gevaert Group in Germany, Brazil and China. He presently heads the production plants, R&D and industrial sales division of Pelikan global operations.

Arno Alberty

Arno Alberty joined Pelikan Hardcopy in 2006 and after the reunification of stationery and hardcopy businesses, he is in charge of Sales & Marketing Europe as Executive Vice President. He also acts as Chairman of the board of German Hardcopy AG. Before he joined Pelikan, he had worked for Henkel KGaA Consumer Adhesives, 3M Office Products and Saint Gobain. After completion of his training as a merchant in wholesale and foreign trade, he obtained several business educations.

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 CEO for Latin America, United States of America and Canada.

Compensation, shareholdings and loans

During the financial year, only one Board Member who stepped down in the financial year 2008 was paid a fixed annual board fee. Neither the other Board Member who stepped down in the financial year 2008 nor any former or any actual Board Member received a fixed board fee. There are no variable board fees, however, payment to the Board Members is effected according to the rules set out for the Group management.

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 labor 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 of the Board of Directors approves the compensation of the members of the Group Management and informs the Board of Directors during the Board Meetings.

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

Remuneration of members of the Board of Directors in 2008

CHF (000)

	Salaries	Bonus	Compensation for Board committee members	Pension, social insurance fund and benefits in kind	Total 2008	Total 2007
Executive directors						
Loo Hooi Keat*	-	-	-	-	-	-
Ng Cheong Seng	77	5	-	31	113	-
Peter Rajjmann	253	-	-	29	282	-
Non-executive director						
Thomas Pfister	83	16	10	7	116	242
Total remuneration of Board of Directors	413	21	10	67	511	242

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

Remuneration of the Executive Committee and Group Management in 2008

CHF (000)

	Salaries	Bonus	Compensation for Board committee members	Pension, social insurance fund and benefits in kind	Total 2008	Total 2007
Chief Executive Officer						
Loo Hooi Keat*	386	-	-	55	441	712
Others						
Annual salaries					913	1,927
Bonus					289	489
Pension and social insurance fund					108	254
Benefits in kind					23	103
Total remuneration of Executive Committee and Group Management					1,333	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).

- The President and CEO Loo Hooi Keat was the member of the Board of Directors and Group Management with the highest total remuneration for 2008.
- Thomas Pfister, a Non-Executive Member of the Board of Directors stepped down in the financial year ended 31 December 2008.
- No severance payments was made in 2008 to any Board Member or Member of the Group Management who resigned in earlier years.
- No compensation was paid in 2008 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.
- None of the members of the management team held shares in Pelikan Holding AG as of 31 December 2008. The direct and indirect interest of Loo Hooi Keat in Pelikan International Corporation Berhad is 1.03% and 28.4% respectively.
- 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 Group Management 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, 2008, neither Pelikan Holding AG nor its subsidiaries had granted any guarantees, loans, advances or credit facilities to members of the Group Management 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 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.

Resolutions and elections at General Meetings (Contd.)

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; and
- 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 2008 financial year amounted to CHF 0.53 million whereof CHF 0.43 million concern BDO. Other consulting costs of audit firms such as business consulting, taxation and legal consulting amounted to CHF 0.13 million in total whereof CHF 0.07 million concerns BDO.

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

The communication with the 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 SIX ad-hoc reporting requirements are published.

The Company's official publication medium 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 54 to 57.

Pelikan Group

**Financial Statements
2008**

Pelikan Group

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Note	2008 CHF(000)	2007 CHF(000)
Net sales	4	330,100	282,178
Other operating income	5	8,838	4,518
Change in the level of finished goods and work in process		910	(648)
Materials purchased		(177,431)	(137,876)
Personnel expenses	6	(73,684)	(64,888)
Depreciation on tangible fixed assets		(5,857)	(5,413)
Amortization on intangible assets		(6,825)	(4,686)
Impairment on intangible assets		(138)	-
Other operating expenses	7	(73,379)	(59,745)
Operating results		2,534	13,440
Financial result	8	(4,291)	(2,701)
Results from associated companies		1,939	2,542
Ordinary result		182	13,281
Expenses for pensioners		(4,303)	(4,326)
(Loss)/profit before taxation		(4,121)	8,955
Taxes			
- Company and subsidiaries	9	(4,422)	(2,540)
(Loss)/profit before minority interests		(8,543)	6,415
Profit attributable to minority interests		(2,888)	(2,480)
Net (loss)/profit		(11,431)	3,935

*Pelikan Group***CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2008**

	Note	Dec. 31, 2008 CHF(000)	Dec. 31, 2007 CHF(000)
ASSETS			
Current assets			
Cash		12,781	16,584
Trade receivables	11	60,182	63,453
Other short term receivables	12	26,703	30,254
Inventories	13	53,123	60,190
Prepayments		1,322	958
		154,111	171,439
Non-current assets			
Tangible fixed assets	14	35,777	42,608
Financial assets			
Loans and investments	15	10,916	14,176
Deferred tax assets	16	9,967	12,825
		20,883	27,001
Intangible assets	17	30,826	37,256
		87,486	106,865
TOTAL ASSETS		241,597	278,304
LIABILITIES AND EQUITY			
Current liabilities			
Bank liabilities	18	29,337	30,998
Accounts payable	19	33,432	31,561
Other short-term liabilities	20	40,450	42,691
Short term provisions			
Provisions for pensions and similar commitments	21	3,734	4,909
Other provisions	22	1,188	1,607
		4,922	6,516
Deferred income		13	28
		108,154	111,794
Non-current liabilities			
Bank liabilities	18	22,837	27,727
Long term provisions			
Provisions for pensions and similar commitments	21	75,236	86,429
Provisions for deferred tax	16	252	1,000
Other provisions	22	4,825	4,430
		80,313	91,859
		103,150	119,586
Shareholders' equity			
Capital stock	23	100,100	100,100
Revaluation reserve		6,781	9,063
Retained earnings	24	(91,073)	(77,638)
Total equity excluding minorities		15,808	31,525
Minority interests		14,485	15,399
Total equity including minorities		30,293	46,924
TOTAL EQUITY AND LIABILITIES		241,597	278,304

Pelikan Group

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008 CHF(000)	2007 CHF(000)
<u>Cash flows from business activities</u>		
(Loss)/profit before minority interest	(8,543)	6,415
Adjustments for :		
Depreciation and amortization	12,682	10,099
Impairment on intangible assets	138	-
Deferred taxes	1,422	792
Change in pension provisions	(3,694)	(4,724)
Change in other provisions	(245)	(64)
Book (gain)/loss from disposals of tangible fixed assets	(877)	44
Results from associated companies	(1,939)	(2,542)
Change in trade receivables, other short term receivables and prepayments	1,711	(17,577)
Change in inventories	2,002	(2,784)
Change in accounts payables, other short term liabilities and deferred income	3,134	20,397
Cash flows from business activities	5,791	10,056
<u>Cash flows from investing activities</u>		
Investments in tangible fixed assets	(5,863)	(7,880)
Disposals of tangible fixed assets	1,430	81
Investments in financial assets	(221)	-
Disposals of financial assets	-	38
Investments in intangible assets	(1,624)	(3,646)
Acquisition of subsidiaries	1,187	(12,289)
Dividend from associated companies	1,035	394
Cash flows from investing activities	(4,056)	(23,302)
<u>Cash flows from financing activities</u>		
Changes in bank liabilities – current	1,314	16,574
Changes in bank liabilities – non-current	(2,550)	2,443
Dividend to minorities	-	(225)
Cash flows from financing activities	(1,236)	18,792
Effect of exchange rate changes and inflation adjustments	(4,302)	714
Net change in cash	(3,803)	6,260
Cash at January 1	16,584	10,324
Cash at December 31	12,781	16,584

Pelikan Group

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008**

CHF (000)	Capital stock	Revaluation Reserves	Retained earnings (Note 24)	Total equity excluding minorities	Minority interest	Total Equity
Balance Jan. 1, 2007	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
Result 2008	-	-	(11,431)	(11,431)	2,888	(8,543)
Translation adjustments	-	(2,282)	(2,004)	(4,286)	(3,802)	(8,088)
Balance Dec. 31, 2008	100,100	6,781	(91,073)	15,808	14,485	30,293

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

1. Summary of Significant Accounting Policies for the year ended December 31, 2008

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.

Associated companies

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.

Participations

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 (Financial Statements II) besides the regular financial statements prepared according to the laws of the respective countries. These Financial Statements II 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.

Consistency in presentation

The consolidated income statement, balance sheet and statement of changes in equity of year 2008 are presented in accordance with the revised SWISS GAAP FER for the first time. Comparative figures of the year 2007 have been amended to conform to current year's presentation. This does have an impact mainly on the presentation of the consolidated financial statements except for the results from associated companies. The results from associated companies for the year 2008 have been shown net of taxes whilst in the annual report of year 2007 results from associated companies of year 2007 have been shown before taxes in an amount of TCHF 2.970 together with relating taxes of TCHF -428. The impact of this amendment on comparative ordinary result and profit before taxation of year 2007 is also TCHF -428.

Pelikan Group

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. The exchange rates used are as follows:

	2008		2007	
	Year-end rate	Average rate	Year-end rate	Average rate
	<u>CHF</u>	<u>CHF</u>	<u>CHF</u>	<u>CHF</u>
1 EUR	1.49	1.58	1.66	1.64
1 USD	1.06	1.07	1.13	1.19
1 MYR	0.30	0.32	0.34	0.35
100 MXN	7.74	9.69	10.34	10.93
1 ARS	0.31	0.34	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

Cash

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

Receivables

Trade receivables and other short-term 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.

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.

Tangible fixed assets

Tangible fixed assets are stated at their acquisition or manufacturing costs less accumulated depreciation. Yearly impairment tests are made 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 Financial Statements II 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.

Pelikan Group

Tangible fixed assets

Estimated useful lives of tangible fixed assets are as follows:

Land	No depreciation
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 of the construction of property, plant and equipment are taken directly to the income statement.

Financial assets

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

Intangible assets

Intangible assets include goodwill arising from the acquisition of subsidiaries and 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.

Bank liabilities

Bank liabilities are amounts payable to financial institutions for the facilities utilised.

Payables

Accounts payable and other short term liabilities are stated at their nominal value.

Deferred tax

Provisions for deferred taxes resulting from the valuation differences between the tax accounts prepared according to local rules and the Financial Statements II 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.

Pelikan Group

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.

Due to the international organisation and various local pension regulations the Group presents the economical impact of pension obligations according to the dynamic method in compliance with IAS 19 - Accounting for Employee Benefits. The Group recognises actuarial gains and losses using the corridor method.

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.

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.

Leases

Operating lease instalments are charged to the income statement over the lease term on a straight-line basis. There are no finance lease contracts.

2. Risk Management

Beside the assessment of strategies, the exploration of market opportunities and the periodical analysis of results, the Board of Directors has also assessed the risks inherent in the business of the Group. 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.

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

- 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.

Pelikan Group

3. Acquisition of subsidiaries

Pelikan Nordic AB

On 26 May 2008, the Group acquired 100% equity share capital of Goldcup D 3135 AB ("Goldcup"), incorporated in Sweden, representing 100,000 shares of Swedish Krona (SEK) 1 each, for a cash consideration of CHF 171,000 (SEK 100,000). Subsequently, the share capital was increased from SEK 100,000 to SEK 1,000,000 by the issue of additional 900,000 new shares of SEK 1 for a total consideration of SEK 900,000. The name of Goldcup was also subsequently changed to Pelikan Nordic AB. The principal activities of Pelikan Nordic AB includes distribution of writing instruments, art, painting and hobby products, as well as school and office stationery supplies in Sweden and Scandinavia.

Pelikan France SAS

On 3 December 2008, the Group incorporated a new subsidiary in France, namely Pelikan France SAS ("Pelikan France"), whereby the Group had subscribed for 100% equity interest, representing 25,000 new shares of EUR 10 for a total consideration of CHF 369,000 (EUR 250,000). The principal activities of Pelikan France include distribution of office, school and stationery supplies under Pelikan brand in France.

4. Net sales

CHF (000)	2008	2007
Sales to third parties	319,210	268,779
Sales to related parties	10,890	13,399
Total	330,100	282,178

Sales by region	2008		2007	
	CHF (000)	%	CHF (000)	%
Germany	177,324	53.7%	153,031	54.3%
Italy	27,322	8.3%	26,148	9.3%
Switzerland	17,107	5.2%	15,497	5.5%
Rest of Europe	48,766	14.8%	30,077	10.6%
Total Europe	270,519	82.0%	224,753	79.7%
Latin-America	41,333	12.5%	37,771	13.4%
Other countries	18,248	5.5%	19,654	6.9%
Total	330,100	100.0%	282,178	100.0%

Pelikan Group

5. Other operating income

CHF (000)	2008	2007
Income from the release of provisions	332	250
Income from licenses	551	521
Income from commission	337	269
Profit on disposal of tangible assets	877	44
Compensations received out of litigations	3,668	-
Others	3,073	3,434
Total	8,838	4,518

6. Personnel expenses

CHF (000)	2008	2007
Salaries and wages	57,797	51,095
Social security contributions and other welfare expenses	14,403	12,500
Pension contributions	1,484	1,293
Total	73,684	64,888

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.

7. Other operating expenses

CHF (000)	2008	2007
Occupancy costs	7,740	7,034
Outwards freight, packaging	8,022	6,698
Energy, other operating expenses	5,845	5,741
Licenses and commissions	4,108	3,642
External costs for logistics, administration, sales	13,206	10,096
Sales promotion	20,021	14,553
Travel expenses	3,131	2,662
Communication, EDP	2,368	1,781
Administration costs	8,110	5,064
Provision for doubtful debts	278	924
Others	550	1,550
Total	73,379	59,745

Pelikan Group

8. Financial result

CHF (000)	2008	2007
Interest and similar income	983	1,611
Interest and similar expenses	(5,569)	(4,383)
Exchange rate gain	295	71
Total	(4,291)	(2,701)

Interest and similar expenses

CHF (000)	2008	2007
Interest expense third parties	5,569	4,040
Monetary correction due to inflation	-	343
Total	5,569	4,383

9. Taxes

CHF (000)	2008	2007
Expense from current taxes	3,000	1,748
Expenses from deferred taxes	1,422	792
Total	4,422	2,540

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.

10. Remuneration of/ advances to the Board of Directors

For Directors' and Group Management's remunerations, refer to Note 10 on pages 47 to 48.

11. Trade receivables

CHF (000)	2008	2007
Trade receivables from third parties	62,427	65,486
Provisions for doubtful debts	(2,245)	(2,033)
Total	60,182	63,453

As of December 31, 2008 derecognized accounts receivables under financing agreement amounted to CHF 9.4 million (2007: CHF 16.3 million).

Pelikan Group

12. Other short term receivables

CHF (000)	2008	2007
From parent company and its related companies (related parties)		
Pelikan International Corporation Berhad, Malaysia	720	1,034
Pelikan Produktions AG, Switzerland	7,628	7,948
Pelikan Singapore Pte Ltd, Singapore	1,464	1,473
Pelikan Hardcopy Production AG, Switzerland	1,463	2,328
Pelikan Polska Sp.z.o.o, Poland	907	754
Pelikan Middle East FZE, United Arab Emirates	537	1,757
PBS Office Supplies Pte Ltd, Singapore	492	1,966
Others	2,688	2,057
Total	15,899	19,317
From associated companies	934	962
From third parties	9,870	9,975
Total	26,703	30,254

13. Inventories

CHF (000)	2008	2007
Raw material, stores and operating supplies	6,561	7,673
Work in process	11,191	12,519
Finished products and merchandise	40,090	43,999
Goods in transit	1,075	1,874
Payments on account	455	375
Value adjustments	(6,249)	(6,250)
Total	53,123	60,190

Pelikan Group

14. Tangible fixed 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, 2008	24,533	51,260	46,594	3,123	125,510
Acquisition of subsidiaries	-	453	268	-	721
Investments	93	1,575	3,188	1,007	5,863
Disposals	(149)	(128)	(1,783)	(8)	(2,068)
Transfers	51	335	1,353	(2,166)	(427)
Translation differences	(4,374)	(7,821)	(5,358)	(311)	(17,864)
Ending Balance Dec. 31, 2008	20,154	45,674	44,262	1,645	111,735
Accumulated depreciation					
Opening balance Jan. 1, 2008	13,667	39,080	29,902	253	82,902
Acquisition of subsidiaries	-	377	206	-	583
Disposals	-	(15)	(1,500)	-	(1,515)
Depreciation	298	1,457	4,102	-	5,857
Translation differences	(2,214)	(6,103)	(3,522)	(30)	(11,869)
Ending Balance Dec. 31, 2008	11,751	34,796	29,188	223	75,958
Net book value					
Ending Balance Dec. 31, 2008	8,403	10,878	15,074	1,422	35,777
Ending Balance Dec. 31, 2007	10,866	12,180	16,692	2,870	42,608

Insurance values of the tangible fixed assets amounted to CHF113.9 million as of December 31, 2008 (2007: CHF130.4 million).

Pelikan Group

15. Loans and investments

CHF (000)	Investments in associated companies	Loans to third parties	Long-term securities	Total
Opening balance Jan. 1, 2008	13,320	-	856	14,176
Share of current year net result	1,939	-	-	1,939
Dividends	(1,035)	-	-	(1,035)
Translation adjustments	(2,871)	-	(97)	(2,968)
Other movements	(1,417) *	62	159	(1,196)
Ending Balance Dec. 31, 2008	9,936	62	918	10,916

* The effect of CHF 1.417 million is due to a change in the consolidation method after Pelikan Austria Gesellschaft m.b.H. has absorbed the Pelikan business split off from the former Joint-Venture of Faber-Castell Pelikan Austria GesmbH.

Significant balance sheet information for associated companies is as follows:

CHF (000)	2008	2007
Current assets	19,112	22,508
Non-current assets	22,216	31,264
Current liabilities	(9,799)	(12,500)
Non-current liabilities	(4,318)	(5,622)

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

16. Deferred tax

CHF (000)	2008	2007
Deferred tax assets from:		
- Temporary differences	4,523	2,417
- Net losses	5,444	10,408
Total deferred tax assets	9,967	12,825
Deferred tax liabilities from:		
- Temporary differences	252	1,000
Total deferred tax assets, net	9,715	11,825

Pelikan Group

16. Deferred tax (Contd.)

Movements in deferred taxes during the year were as follows:

CHF (000)	2008	2007
Opening Balance Jan. 1	11,825	10,909
Acquisition of subsidiaries	-	1,490
Expenses from deferred taxes	(1,422)	(792)
Translation adjustments	(688)	218
Ending Balance Dec. 31	9,715	11,825

The available trade tax losses carried forward related to Pelikan companies in Germany amount to CHF 124.7 million, for which no deferred tax asset has been recognised. Assuming a tax rate of 12.8%, a further CHF 16.0 million would be available to be offset against future taxes payable.

17. Intangible assets

CHF (000)	Trademarks	Development costs	Goodwill Business Activities	Goodwill Subsidiaries	Computer software licence	Total
Cost						
Opening balance Jan. 1, 2008	11,401	1,986	22,711	15,850	368	52,316
Acquisition of business	-	-	1,698	-	-	1,698
Investments	-	664	-	-	107	771
Transfers	-	-	-	-	427	427
Disposals	-	-	(326)	-	-	(326)
Translation difference	(1,167)	(243)	(2,402)	-	(69)	(3,881)
Ending Balance Dec. 31, 2008	10,234	2,407	21,681	15,850	833	51,005
Accumulated depreciation						
Opening balance Jan. 1, 2008	7,011	467	5,240	2,267	75	15,060
Amortisation	667	427	2,668	2,943	120	6,825
Disposals	-	-	(326)	-	-	(326)
Impairment	-	-	138	-	-	138
Translation difference	(757)	(73)	(673)	-	(15)	(1,518)
Ending Balance Dec. 31, 2008	6,921	821	7,047	5,210	180	20,179
Net book value						
Ending Balance Dec. 31, 2008	3,313	1,586	14,634	10,640	653	30,826
Ending Balance Dec. 31, 2007	4,390	1,519	17,471	13,583	293	37,256

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17. Intangible assets (Contd.)

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

Goodwill of CHF 1.7 million arose from acquisition of Hardcopy business (ie. printer cartridges and consumables) during the financial year ended 31 December 2008. This goodwill are amortised on a straight-line basis over 5 years.

Goodwill of a subsidiary was impaired by CHF 0.1 million as it does not reflect its carrying amount.

18. Bank liabilities

CHF (000)	2008	2007
Current	29,337	30,998
Non-current	22,837	27,727
	52,174	58,725
Unsecured bank liabilities	35,383	46,059
Secured bank liabilities	16,791	12,666
Total	52,174	58,725
Secured by:		
Receivables	7,662	5,401
Inventories	7,252	7,616
Tangible assets	3,717	4,289
Total	18,631	17,306

All bank liabilities are mainly denominated in EUR. The bank liabilities of the Company which have been included in the secured bank liabilities shown above amount to CHF 4.3 million (2007: CHF 5.0 million). These are secured by shares in a subsidiary, German Hardcopy AG.

19. Accounts payable

CHF (000)	2008	2007
Payables to third parties	19,272	20,982
Payables to a related party		
Pelikan Hardcopy Production AG, Switzerland	14,160	10,579
	33,432	31,561

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20. Other short term liabilities

CHF (000)	2008	2007
Payables to parent company and its related companies (related parties)		
Pelikan International Corporation Berhad, Malaysia	4,344	5,587
Others	3,808	1,258
	8,152	6,845
Payables to third parties		
Income taxes payable	1,781	1,645
Others	29,897	34,201
	31,678	35,846
Payables to associated companies	620	-
Total	40,450	42,691

21. Provisions for pensions and similar commitments

CHF (000)	2008	2007
Change of present value of the defined benefit obligation		
Balance at January 1	93,024	91,859
Current service cost	315	277
Interest cost	4,741	4,331
Actuarial gain / (loss) of financial period	800	210
Payments to pensioners	(9,156)	(9,635)
Other movements (e.g. transfers)	2,714	291
Forex	(9,398)	5,663
Ending Balance at Dec. 31, 2008	83,040	92,996
Change of fair value of the assets		
Balance at January 1	1,631	1,650
Expected return on assets	149	97
Actuarial gain / (loss) of financial period	846	31
Employee's contribution	102	98
Employer's contribution	218	198
Insurance benefit	82	-
Other movements (e.g. transfers)	1,397	(259)
Pension payments from plan assets	(115)	(126)
Forex	(187)	(31)
Ending Balance at Dec. 31, 2008	4,122	1,659

Pelikan Group

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

CHF (000)	2008	2007
Recorded liability in the balance sheet		
Present value of the defined benefit obligation	83,040	92,996
Fair value of the assets	(4,122)	(1,659)
Present value of unfunded obligation	78,918	91,338
Unrecognised actuarial losses	(2,020)	1,826
Value of the pension program	76,898	93,164
Not capitalisable amount (Asset Ceiling)	2,072	(1,826)
Liability in the balance sheet	78,970	91,338
Amount included in personnel costs		
Current service cost	315	277
Interest cost	4,741	4,331
Expected return on assets	(149)	(97)
Actuarial gain / (loss) of the year	63	(316)
Employee's contribution	(102)	(98)
Other movements (e.g. transfers)	917	232
Costs of personnel precaution	5,786	4,961
Actuarial assumptions in %		
Discount rate	2008	2007
Expected return on plan assets	6.03	5.26
Expected rate of salary increase	0.30	0.03
Expected rate of pension increases	2.52	2.40
	0.28	0.06

22. Other provisions

CHF (000)	2008	2007
Balance Jan. 1	6,037	5,968
Acquisition of subsidiaries	267	739
Charged to income statement	1,184	1,622
Utilized during the year	(723)	(2,425)
Translation adjustments	(752)	133
Balance Dec. 31	6,013	6,037
Current	1,188	1,607
Non-current	4,825	4,430
Total	6,013	6,037

Pelikan Group

22. Other provisions (Contd.)

Other provisions comprise of warranty claims of CHF 0.8 million (2007: CHF1.2million) and personnel related benefits of CHF 5.2 million (2007: CHF 4.8 million) where there is a possibility of a later payment.

23. Capital stock

At December 31, 2008, 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

24. Retained earnings

Retained earnings include legal and local statutory revaluation reserves of Pelikan Holding AG of CHF 13.5 million (2007: CHF 13.5 million) which are not distributable.

25. Significant shareholders

Pelikan International Corporation Berhad, a company listed in Bursa Malaysia Securities Berhad (the Malaysia Stock Exchange) ("Bursa Malaysia") holds 87.64% 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 purposes, the percentage of voting rights of Pelikan International Corporation Berhad by December 31, 2008 is 45.43%. The voting rights percentage of HSBC Bank Malaysia Berhad is 16.23%, the voting rights percentage of CIMB Bank Malaysia Berhad equals to 12.99% and OCBC Bank Malaysia Berhad and Overseas Chinese Banking Corporation Limited Malaysia (as a Group) hold 12.99% of the voting rights by December 31, 2008 due to the pledge of shares as mentioned above. Valartis Bank AG, Switzerland, holds 5.07% equity interest in the Company.

26. Derivative financial instruments

A subsidiary hedged imported finished goods against the risks of foreign exchange losses.

	Dec. 31, 2008	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2007	Reason
CHF 000	Recognised as asset	Recognised as liability	Recognised as asset	Recognised as liability	
Foreign currency	25	-	-	-	Hedge

Pelikan Group

27. Other financial commitments

CHF (000) at nominal values	2008	2007
Leasing and rent commitments		
- due next year	4,360	4,612
- due within 2-5 years	4,742	8,802
- due after 5 years	6	164
Total	9,108	13,578

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

As of December 31, 2008, capital commitment authorised and contracted for amounted to CHF 0.8 million (2007: CHF 0.9 million).

28. 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)	2008	2007
<u>Income</u>		
License fees, commissions and other operating income	794	706

During the year, the Group purchased Hardcopy products (ie. printer cartridges and consumables) from Pelikan Hardcopy Production AG, a wholly owned subsidiary of its parent company, Pelikan International Corporation Berhad, amounting to CHF 67.3 million (2007: CHF 36.4 million). The Group had also acquired Hardcopy businesses from Pelikan Hardcopy Production AG for a total consideration of CHF 1.3 million (2007: CHF 2.5 million).

29. Events after the balance sheet date

- (a) These consolidated financial statements were approved by the Board of Directors on 29 April 2009. No significant events have occurred since the balance sheet date and up to 29 April 2009, which could have an impact on these consolidated financial statements or which are required to be disclosed.
- (b) On 13 January 2009, the Group via Productos Pelikan S.A. de C.V., acquired a further 80.5% equity interest in Indistri S.A., Colombia ("Indistri") representing 5,836,933,444 shares of Colombian Peso ("COP") 1 each for a total consideration of CHF 4,895,575. The Group's effective interest in Indistri has increased to 59.7% immediately after acquisition. The principal activities of Indistri are the manufacturing and distribution of office, schools and stationery supplies.

Pelikan Group

GROUP AND ASSOCIATED COMPANIES AS AT DECEMBER 31, 2008

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	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 Pelikan Vertriebsgesellschaft mbH & Co. KG	EUR 26	100	100	C	O
Hanover	KG	EUR 2,100	100	100	C	D
Hanover	Remerch GmbH	EUR 95	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	O
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	Pelikan Nederland B.V. (formerly known as G. Wagner Pelikan Maatschappij B.V.)	EUR 3,630	100	100	C	D
Spain						
Barcelona	Pelikan S.A.	EUR 1,000	100		C	D
Switzerland						
Feusisberg	Pelikan (Schweiz) AG	CHF 500	100	100	C	D
Fribourg	Günther Wagner S.A.	CHF 100	100	100	C	O
Sweden						
Nordic	Pelikan Nordic AB	SEK 1000	100	100	C	D
France						
Les Ulis	Pelikan France SAS	EUR 250	100	100	C	D

Pelikan Group

GROUP AND ASSOCIATED COMPANIES AS AT DECEMBER 31, 2008

Country and location	Name	Capital stock in 1000	Group Holding in %	thereof directly held by Pelikan Holding AG in %	Consolidation	Operation
Belgium						
Groot-Bijgaarden	Pelikan Belux N.V./ S.A.	EUR	837	100	100	C D
Bosnia						
Odzak	German Hardcopy doo	EUR	1	100		C P
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	2,864	51	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

Operation:

P = Production companies
D = Distribution companies
S = Service/Real estate companies
H = Holding companies
O = Companies without operational activity

Report of the statutory auditor on the consolidated financial statements

to the general meeting of

Pelikan Holding AG, Feusisberg

As statutory auditor, we have audited the consolidated financial statements of Pelikan Holding AG, which comprise the consolidated income statement, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and notes (pages 18 to 39) for the year ended 31 December 2008.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation and fair presentation of consolidated financial statements according to the instructions of the Board of Directors.

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

Zurich, 30 April 2009

BDO Visura

Andreas Wyss

Auditor in charge

Swiss Certified Accountant

Licensed Audit Expert

Reto Frey

Swiss Certified Accountant

Licensed Audit Expert

Pelikan Holding AG, Feusisberg

**Financial Statements
2008**

**INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Note	2008 CHF(000)	2007 CHF(000)
Income from investments		1,706	834
Administration expenses		(431)	(1,437)
Depreciation		(10)	(10)
Exchange differences		(671)	(825)
Interest income		796	1,158
Interest expense		(874)	(897)
Extraordinary income	3	6,233	2,094
Extraordinary expenses	4	(8,404)	(2,268)
Result before taxation		(1,655)	(1,351)
Taxes		18	(143)
Net result for the year		(1,637)	(1,494)

BALANCE SHEET AS AT DECEMBER 31, 2008

	Note	Dec. 31, 2008 CHF(000)	Dec. 31, 2007 CHF(000)
ASSETS			
Fixed assets			
Tangible fixed assets		-	10
Investments	1	65,417	64,812
Loans receivable from subsidiary companies	5	1,606	2,133
		67,023	66,955
Current assets			
Other receivables		17	2
Receivables from subsidiary companies		1,863	496
Receivables from parent and its related companies		7,760	9,943
Bank		22	4,475
		9,662	14,916
TOTAL ASSETS		76,685	81,871
EQUITY AND LIABILITIES			
Shareholders' equity			
Capital stock	6	100,100	100,100
Legal reserve		1,166	1,166
Revaluation reserve	7	12,286	12,286
Retained earnings		(55,368)	(53,731)
		58,184	59,821
Non-current liabilities			
Bank liabilities	8	3,446	4,311
Payables to subsidiary companies	9	1,763	-
		5,209	4,311
Current liabilities			
Bank liabilities	8	3,163	3,177
Payables to parent and its related companies		4,864	1,658
Payables to subsidiary companies	9	4,992	9,227
Other liabilities to third parties		273	3,526
Tax provisions		-	151
		13,292	17,739
TOTAL EQUITY AND LIABILITIES		76,685	81,871

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008**

CHF (000)	Capital stock	Legal reserves	Revaluation reserve	Retained earnings	Total Equity
Balance Jan. 01, 2007	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
Result 2008	-	-	-	(1,637)	(1,637)
Balance Dec. 31, 2008	100,100	1,166	12,286	(55,368)	58,184

NOTES TO THE FINANCIAL STATEMENTS 2008

1. Investments

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

- Acquisition of Pelikan Nordic AB (formerly known as Goldcup D 3135 AB); and
- Incorporation of Pelikan France SAS

2. Risk Management

Beside the assessment of strategies, the exploration of market opportunities and the periodical analysis of results, the Board of Directors has also assessed the risks inherent in the business of the Group. 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.

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

- 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.

Pelikan Holding AG is integrated in this risk management process of Pelikan Group.

3. Extraordinary income

CHF (000)	2008	2007
Service of debt warrants granted in prior years	5,420	2,094
Waiver of debt from parent company	813	-
	6,233	2,094

4. Extraordinary expenses

CHF (000)	2008	2007
Value adjustment for loan to subsidiary	6,385	241
Value adjustment for loan with debt warrant to subsidiary	1,926	1,575
Value adjustment for other receivables	92	100
Value adjustment for investment in subsidiary	-	352
Total	8,404	2,268

Pelikan Holding AG, Feusisberg

5. Loans receivable from subsidiary companies

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

6. Capital stock

At December 31, 2008, the capital stock of CHF100.1 million comprises the following shares:

539,000 Registered shares of nominal CHF65
1,001,000 Bearer shares of nominal CHF65

7. 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.

8. Bank liabilities

The bank liabilities of the Company amounting to CHF 4.3 million (2007: CHF 5.0 million) are secured by shares in a subsidiary, German Hardcopy AG, at carrying value of CHF 6.6 million (2007: CHF 6.6 million).

9. Payables to subsidiary companies

At the end of 2008, payables to subsidiary companies include mainly the liabilities to Pelikan GmbH, Hanover, Germany, in the amount of CHF 3.2 million (2007: CHF 6.6 million).

10. Compensation, shareholdings and loans

Remuneration of members of the Board of Directors in 2008

CHF (000)

	Salaries	Bonus	Compensation for Board committee members	Pension, social insurance fund and benefits in kind	Total 2008	Total 2007
Executive directors						
Loo Hooi Keat*	-	-	-	-	-	-
Ng Cheong Seng	77	5	-	31	113	-
Peter Rajjmann	253	-	-	29	282	-
Non-executive director						
Thomas Pfister	83	16	10	7	116	242
Total remuneration of Board of Directors	413	21	10	67	511	242

10. Compensation, shareholdings and loans (Contd.)

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

Remuneration of the Executive Committee and Group Management in 2008

CHF (000)

	Salaries	Bonus	Compensation for Board committee members	Pension, social insurance fund and benefits in kind	Total 2008	Total 2007
Chief Executive Officer						
Loo Hooi Keat*	386	-	-	55	441	712
Others						
Annual salaries					913	1,927
Bonus					289	489
Pension and social insurance fund					108	254
Benefits in kind					23	103
Total remuneration of Executive Committee and Group Management					1,333	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).

- The President and CEO Loo Hooi Keat was the member of the Board of Directors and Group Management with the highest total remuneration for 2008.
- Thomas Pfister, a Non-Executive Member of the Board of Directors stepped down in the financial year ended 31 December 2008.
- No severance payments was made in 2008 to any Board Member or Member of the Group Management who resigned in earlier years.
- No compensation was paid in 2008 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.
- None of the members of the management team held shares in Pelikan Holding AG as of 31 December 2008. The direct and indirect interest of Loo Hooi Keat in Pelikan International Corporation Berhad is 1.03% and 28.4% respectively.
- 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.

Pelikan Holding AG, Feusisberg

11. Parent company

As of December 31, 2008, Pelikan International Corporation Berhad, Malaysia, a company listed in Bursa Malaysia Securities Berhad (the Malaysia Stock Exchange) held 87.64 % of the shares of Pelikan Holding AG.

12. Significant shareholders

Pelikan International Corporation Berhad, a company listed in Bursa Malaysia Securities Berhad (the Malaysia Stock Exchange) ("Bursa Malaysia") holds 87.64% 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 purposes, the percentage of voting rights of Pelikan International Corporation Berhad by December 31, 2008 is 45.43%. The voting rights percentage of HSBC Bank Malaysia Berhad is 16.23%, the voting rights percentage of CIMB Bank Malaysia Berhad equals to 12.99% and OCBC Bank Malaysia Berhad and Overseas Chinese Banking Corporation Limited Malaysia (as a Group) hold 12.99% of the voting rights by December 31, 2008 due to the pledge of shares as mentioned above. Valartis Bank AG, Switzerland, holds 5.07% equity interest in the Company.

13. 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 CHF 14.9 million (2007: CHF 16.6 million).

Pelikan Holding AG granted letters of comfort, guarantees and an additional assumption of debt to banks and financial institutions in favour of its subsidiaries and related companies for credit line of a maximum of CHF 31.9 million (2007: CHF 33.0 million)

14. Significant events

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 commenced distribution in Scandinavia from June 2008.

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

The non-consolidated Joint Venture with Faber Castell in Austria was 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 business of Pelikan Hardcopy Ges.m.b.H in Austria in order to distribute Hardcopy and PBS products in Austria.

In December 2008, Pelikan Holding AG incorporated a new subsidiary, Pelikan France SAS. The principal activities of the company are the distribution of office, school and stationery supplies.

Pelikan Holding AG, Feusisberg

**PROPOSAL OF THE BOARD OF DIRECTORS FOR THE TREATMENT OF ACCUMULATED DEFICIT AS OF
DECEMBER 31, 2008**

CHF (000)	2008	2007
Accumulated deficit at January 1	(53,731)	(52,237)
Net result for the year	(1,637)	(1,494)
Accumulated deficit at December 31, to be carried forward	(55,368)	(53,731)

Report of the statutory auditor

to the general meeting of

Pelikan Holding AG, Feusisberg

As statutory auditor, we have audited the financial statements of Pelikan Holding AG, which comprise the balance sheet, income statement and notes (pages 43 to 49), for the year ended 31 December 2008.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2008 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of accumulated deficit complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zurich, 30 April 2009

BDO Visura

Andreas Wyss

Auditor in charge

Swiss Certified Accountant

Licensed Audit Expert

Reto Frey

Swiss Certified Accountant

Licensed Audit Expert

Pelikan Holding AG, Feusisberg

INSTITUTIONS / MANAGEMENT as at December 31, 2008

Board of Directors

Loo Hooi Keat

President

Selangor Darul Ehsan/ Malaysia

Ng Cheong Seng

Vice President

Selangor Darul Ehsan/ Malaysia

Peter Rajjmann

Member

Hanover/ Germany

Secretary of the Board of Directors

Frauke Wandrey

Hanover/ Germany

Auditors

BDO Visura

Zurich/ Switzerland

Management

Loo Hooi Keat

Selangor Darul Ehsan/ Malaysia

Ng Cheong Seng

Selangor Darul Ehsan/ Malaysia

Peter Rajjmann

Hanover/ Germany

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