PELIKAN HOLDING AG

2009 ANNUAL REPORT

CONTENTS

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

In 2009, the global economic crisis continued to affect the Group's global business performance, in particular our operations in Europe. The financial crisis which resulted in a slump in overall consumer spending and demand, posed a challenge for Pelikan as the Group faced a decline in sales. The Group's sales was 5 percent lower than that of 2008 at CHF 313.1 million and recorded a consolidated net loss of CHF 8.4 million for the year ended 2009 as a direct impact of the economic downturn. Though our major European markets, namely Germany, Italy and Spain performed poorly as a consequence of the economic crisis, the Group recorded better performances outside of Europe particularly in the Latin America region where we have achieved double digit growths and greater market share for 2009.

Despite the Group's performance and the weaker global economic prospects, the management continued to embark on strategies and solutions that minimize the impact of the financial crisis to our businesses while maintain focus on growing the Group to a sizable and profitable organization. The Group continued to be active by pursuing various consolidation projects and strategic acquisitions aimed to generate growth and sales for the Group.

In January 2009, the Group consolidated the business in France into a 100% owned subsidiary, Pelikan France S.A.S., to distribute all Pelikan products in France. The Group also acquired 80.5% equity interest in Pelikan Colombia S.A.S. (formerly known as Indistri S.A.) through our subsidiary in Mexico to manufacture and distribute all stationery products under the Pelikan brand for offices and schools. By gaining control and establishing a presence in these two markets, the Group aims to have a proper management of the channel distributions, retail markets, advertising, marketing and promotional activities, as well as building up brand awareness within the markets and its export business in the next few years.

The Group also maintains its commitment to innovation by continuing to invest in research and development ("R&D") to generate more innovative products and marketing concepts to target our consumers. The management strongly believes that high innovation rate is vital for the brand and existence of Pelikan, and the Group has proudly introduced new products in 2009 to maintain market share and take leadership in the market.

The Group has had success with the launch of griffix® in 2008 and we followed up the success in 2009 by introducing more accessories such as erasers, sharpeners and fun buttons in various colours for the entire griffix® range. As of October 2009, Pelikan subsidiaries in Germany, Austria and Switzerland commenced and embarked on a launch campaign to introduce a full range of gluing and correcting products under the Pelikan brand. To commemorate the launch of the gluing and correcting range of products, new designs for correction rollers, such as the *Xycle* that has won several design awards, were created. The products have been well received by the trade because of the unique designs, and we are optimistic that by developing this office range business in the coming years, Pelikan will be able to capture a significant market share in these countries and grow the business.

The global economy in 2010 is expected to recover as financial markets have stabilized. Stronger household demand and consumption were recorded, showing improved signs of business optimism. The business prospect for Pelikan so far has been positive. The Group created a portfolio of products to be launched in 2010 'back to school' season, such as the new *Pelikano* and *Future* design school writing instruments, as well as more office products, that will boost our sales and market share. The Group is also focusing our efforts on upgrading the fine writing instruments range of products by introducing more refined product lines and better marketing and promotional materials this year.

As of early 2010, Pelikan International Corporation Berhad, the Group's parent company, successfully completed the acquisition of Herlitz AG, hence signifying another important milestone for the Pelikan Group's overall growth strategy. This acquisition will allow greater cross selling opportunities on products, distribution channels and markets for both Pelikan and Herlitz, and opportunities for further growth by leveraging each respective strengths and assets in innovation, quality and distribution in the years ahead. We are convinced that by pursuing the right strategies, investing in R&D and innovation, and continuing on the path of consolidation and rationalization of duplicate functions, we are able to achieve significant cost savings, higher productivity, improved operations and processes, and create better quality products for our consumers.

The Board would like to thank management and employees for their unwavering commitment and efforts during the challenging year. The Board would also like to express thanks to all our shareholders, investors, business partners and associates for their continuous support and encouragement.

On behalf of the Board of Directors

Loo Hooi Keat
April 30, 2010

KEY FIGURES *
Pelikan Group

	Figures in CHF million				
	2009	**2008**	**2007**	**2006**	**2005**
Net sales	313.1	330.1	282.2	211.3	196.3
Operating results	(2.9)	(1.8)	9.1	12.6	4.9
(Loss)/profit before taxation	(4.6)	(2.8)	8.6	14.1	7.2
Net (loss)/profit	(8.4)	(7.2)	6.0	18.9	4.6
Non-current assets	90.2	87.5	106.9	74.9	64.3
Total equity excluding minorities	7.9	15.8	31.5	29.1	13.0
Provisions for pensions	75.9	79.0	91.3	93.1	93.3
Balance sheet total	240.7	241.6	278.3	203.8	180.5
Share of the balance sheet total in %					
Non-current assets	37.5%	36.2%	38.4%	36.7%	35.6%
Total equity excluding minorities	3.3%	6.5%	11.3%	14.3%	7.2%
Provisions for pensions	31.5%	32.7%	32.8%	45.7%	51.7%
Tangible and intangible assets					
Investments	6.6	6.6	8.9	8.9	6.0
Depreciation and amortization	12.2	12.7	10.1	5.2	6.7
Number of employees	1,345	1,221	1,236	979	910
Personnel expenses	78.6	78.0	69.2	60.2	57.2

Pelikan Holding AG

Result for the year	(7.4)	(1.6)	(1.5)	3.5	1.3
Dividend	-	-	-	-	-
Shareholders' equity	50.8	58.2	59.8	61.3	57.8

Key figures per share

Data per bearer share in CHF					
Nominal value each CHF65					
Earnings per share	(6.6)	(6.5)	2.3	11.2	2.2
Dividend per share in %	-	-	-	-	-
Share prices					
Highest	88	182	212	106	84
Lowest	43	65	115	69	25

* The presentation of results of Pelikan Group has been changed. Please refer to notes 30 and 31 in the notes to the consolidated financial statements.

PELIKAN GROUP

MANAGEMENT REPORT

Business in 2009

The Group's sales for 2009 had fallen to CHF 313.1 million (2008 restated: CHF 330.1 million), a direct result of economic downturn especially in Europe where most of the Group's operations are contained. Although certain European economies experienced slight growth in the last quarter of the year, the consumer spending traits remained conservative. In 2009, the Group has also consolidated the results of Pelikan Colombia S.A.S. The Group's performance in 2009 has produced an operating loss of CHF 2.9 million (2008 restated: CHF 1.8 million) and the consolidated net result for the year was a loss of CHF 8.4 million (2008 restated: CHF 7.2 million).

Important contracts

In January 2009, a 100% subsidiary of the Group, Pelikan France S.A.S, which was incorporated in December 2008, acquired the distribution business in France from Pelikan Hardcopy Production AG.

Also in January 2009, the Group via Pelikan Mexico S.A. de C.V. (formerly known as Productos Pelikan S.A. de C.V.) had acquired a 80.5% equity interest in Pelikan Colombia S.A.S. (formerly known as Indistri S.A representing 5,836,933,444 shares of Colombian Peso ("COP") 1 each for a total consideration of USD 4,250,000 (CHF 4,552,000). Prior to January 2009, Pelikan Holding AG has an interest of 19.5% of the shares in Pelikan Colombia. The principal activities of Pelikan Colombia are the manufacturing and distribution of office, schools and stationery supplies.

A long-term agreement concerning the distribution of gluing and correcting products under the Henkel brand "Pritt" in Germany, Austria and Switzerland ("DACH-countries") has been terminated effective September 2009. From 1st October 2009 Pelikan subsidiaries in these countries commenced distribution of a wide assortment of gluing and correcting products under Pelikan brand.

Sales

Sales by region	
Germany	51.0%
Italy	6.3%
Switzerland	3.5%
Rest of Europe	19.1%
Latin-America	15.3%
Other countries	4.8%

In 2009, the Group had faced challenging times with downturn in economic situations particularly in our major European markets, namely, Germany, Italy and Spain and as a result the contributions of sales from all European markets to Group sales decreased to 80% from 82% in 2008. However, better performance was seen outside Europe, particularly in our Latin America region whereby a growth of 16% was registered.

Result

In million CHF	2009	(Restated) 2008
Loss before taxation	**(4.6)**	**(2.8)**

Operating results of Pelikan Group in 2009 indicated a loss of CHF 2.9 million (2008 restated: loss of CHF 1.8 million). The result from associated companies in Australia and Japan showed a after tax profit of CHF 1.4 million (2008 restated: CHF 1.9 million). Included in operating results are expenses for pensioners amounting to CHF 5.3 million (2008 restated: CHF 5.8 million). Pelikan Group incurred a net interest expense of CHF 4.3 million (2008 restated: CHF 4.6 million). Taxes (expense) amounted to CHF 3.8 million (2008 restated: CHF 4.4 million). The net loss for the year amounted to CHF 8.4 million (2008 restated: CHF 7.2 million).

At Pelikan Holding AG company level, the financial statements showed a net loss of CHF 7.4 million for the year (2008: net loss CHF 1.6 million).

Personnel

The Group's employees increased in 2009 mainly due to new acquisition.

Personnel	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Germany	**483**	493	511
Switzerland	**16**	26	26
Italy	**41**	39	41
Rest of Europe	**97**	149	131
Total Europe	**637**	707	709
Latin-America	**657**	448	446
Other countries	**51**	66	81
Total Group	**1,345**	1,221	1,236

Investments in fixed assets

Investments in fixed assets during the year amounted to CHF 5.6 million (2008: CHF 5.9 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 of the World, part 5 "Hanging Gardens of Babylon", Limited Edition "Silver Screen" and Toledo M710 Red
  b) Design writing instruments: Ballpoint "Zett"
  c) School – writing: Pelikano 2010 and expansion Griffix sharpener
  d) School – paint: Learn to paint brush
  e) Office: Pocket highlighter "Terceto"

- Other new equipment for production included nib sortation machine and automisation of Griffix assembly.

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 Gènèrale 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 business 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 2009, CHF 4.1 million (2008: CHF 3.6 million) were mainly incurred for the following research and development projects:

- Development of Special Edition "Indian Summer"
- Development of Limited Edition "Silver Screen"
- Development of Limited Edition "Hanging Gardens of Babylon"
- Development of Fountain Pen "Toledo M710 Red"
- Development of High Quality Varnish Leather Cases
- Development of New Pelikano School Fountain Pen, Ink Roller
- Development of Griffix Line Extensions
- Development of New Design Ballpoint Pen "Zett"
- Development of Pocket Highlighter System "Terceto"

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 state of the global economy is still fragile and a global economic recovery is expected to be slow. After the deep global recession, we expect a positive economic growth this year due to a wide range of supportive policy interventions to boost demand and reduce financial market risks. We expect the markets in Europe to stabilise this year, hence we aim to concentrate on strategies that maintain and grow market share in our existing markets with new products, distribution networks and fresh marketing concepts. We remain cautious with our investments as we expect demand to pick up gradually in Europe. At meantime, we also focus our efforts in expanding the business outside Europe i.e. in the markets of Latin America. Cost reduction and cost saving projects remain a high priority for the Group as we continue to consolidate and rationalize our operations.

We are positive that by aligning our strategies that respond to the current global economic situations, we are in a better position to improve our business processes and operations, and develop better fundamentals for the Group to face challenges ahead.

As measure for strengthening the liquidity of Pelikan Holding AG, the main shareholder, Pelikan International Corporation Berhad, has provided in 2010 loans to the Company in the amount of EUR 5.0 million.

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 SIX 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 not listed on a stock exchange and are disclosed on pages 43 to 44 of the Group's consolidated financial statements.

Capital structure

As at December 31, 2009, 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 SIX Swiss Exchange on the Domestic Standard with security no. 632875. The market capitalization of the listed shares amounted to CHF 43.04 million as of December 31, 2009.

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, 2009 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, 2009 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 ("CO").

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. Further, the Board of Directors can refuse the registration in the share register without any obligation to buy these shares, if (i) a purchaser would directly or indirectly hold 5% of all registered shares, (ii) such registration would impede the company to comply with legal requirements of Swiss law, (iii) the purchaser is directly or indirectly in competition with the company, (iv) the purchaser does not declare to hold these shares for its own name and for its own account.

Board of Directors

The duties of the Board are governed by the CO, 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 2009.

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, 2009:

Name	Age	Function	Nationality	Since	Elected until
Loo Hooi Keat	55	President	Malaysia	1997	AGM 2010
Ng Cheong Seng	38	Vice President	Malaysia	2008	AGM 2010
Peter Raijmann	50	Member	Netherlands	2008	AGM 2010

(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). The Board of Directors will be (re)elected each year.

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 30 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 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	52	Malaysia	Head of Group Procurement
Thorsten Lifka	44	Germany	Head of Group Production and R&D
Arno Alberty	49	Germany	Head of Sales and Marketing Europe
Claudio Esteban Seleguan	48	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 seconded 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 AGFA Gevaert Group in Germany, Brazil and China. He presently heads the production, 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 business, he is in charge of Sales & Marketing Europe as Executive Vice President. 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, there were no fixed nor variable board fees paid to any Board Members but however, remuneration 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 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 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 2009
CHF (000)

	Salaries	Bonus	Compensation for Board committee members	Pension, social insurance fund and benefits in kind	Total 2009	Total 2008
Executive directors						
Loo Hooi Keat*	-	-	-	-	-	-
Ng Cheong Seng	74	-	-	18	92	113
Peter Raijmann	242	-	-	27	269	282
Non-executive director						
Thomas Pfister	-	-	-	-	-	116
Total remuneration of Board of Directors	316	-	-	45	361	511

Remuneration of the Executive Committee and Group Management in 2009

CHF (000)

	Salaries	Bonus	Compensation for Board committee members	Pension, social insurance fund and benefits in kind	Total 2009	Total 2008
Chief Executive Officer						
Loo Hooi Keat*	368	-	-	81	449	441
Others						
Annual salaries					919	913
Bonus					253	289
Pension and social insurance fund					96	108
Benefits in kind					55	23
Total remuneration of Executive Committee and Group Management					1,323	1,333

- 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 2009.
  Thomas Pfister, a Non-Executive Member of the Board of Directors stepped down in the financial year ended 31 December 2008 and had received a fixed board fee of CHF 0.01 million in 2008.
- No severance payment was made in 2009 to any Board Member or Member of the Group Management who resigned in earlier years.
- No compensation was paid in 2009 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 2009. The direct and indirect interest of Loo Hooi Keat in Pelikan International Corporation Berhad is 0.2% and 27.5% 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.
- In case of dissolving the engagement with the company, there are no agreements providing for a benefit of the members of the Board of Directors or the management.

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, 2009, 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.

In case of a change of control in the company, there are no agreements providing for a benefit of the members of the Board of Directors or the management ("golden parachutes").

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. At least twenty days must elapse between the day of publication or the dispatch of the invitation and the day of the General Meeting. The deadline is considered to be observed if the written invitations are posted not later than 23 days before the date of the General Meeting.

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 company does not make any registration in the share register during the period starting from the day of sending the invitation to a shareholders' meeting up to and including the day after the shareholders' meeting.

The General Shareholders' Meeting can pass a resolution independent of the number of shareholders present or shares represented, subject to any compulsory provisions set out in the Swiss Code of Obligations. The General Shareholders' Meeting makes its resolutions and executes its elections with the simple majority of the submitted shareholder votes, subject to any compulsory provisions set out in the Swiss Code of Obligations.

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

Duration of the mandate and term of office of the lead auditor / auditor supervision and control mechanisms in respect of the auditors

BDO Ltd has been appointed external auditor of Pelikan Holding AG and Group auditors since 2005. The auditors are elected during the Annual General Meeting of Shareholders every year. Pursuant to the Swiss Code of Obligations, the lead auditor is replaced after a maximum term of seven years. 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 comprehensive report and ad-hoc meetings as required. The Board of Directors assesses the performance, invoicing and independence of the external auditors. The auditors' reports set out the results of their work and recommendations. The Board of Directors annually reviews the scope of the external audit, the audit plans and the relevant procedures and discusses the audit reports with the external auditors.

Audit and additional fees

BDO had charged Pelikan Holding AG Group CHF 0.47 million in the 2009 financial year for services in connection with auditing the annual statements of Pelikan Holding AG and the Group companies as well as the consolidated statements of the Pelikan Holding AG Group. Furthermore, the audit company invoiced a fee of CHF 0.10 million in the 2009 financial year for non audit services analysed as follows: CHF 0.05 million for tax services, CHF 0.01 million for legal services, and CHF 0.04 million for advisory services including due diligence.

Information Policy

Pelikan Holding AG provides information to its shareholders through annual reports and interim (half-year) 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 60 to 63.

Pelikan Group

Financial Statements 2009

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER, 31

	Note	**2009** CHF(000)	(Restated) 2008 CHF(000)
Net sales	4	**313,091**	330,100
Other operating income	5	**2,948**	8,838
Change in the level of finished goods and work in process		**(87)**	910
Materials purchased		**(159,511)**	(177,431)
Personnel expenses	6	**(78,553)**	(77,987)
Depreciation on tangible fixed assets		**(5,255)**	(5,857)
Amortization on intangible assets		**(6,955)**	(6,825)
Impairment on intangible assets		**-**	(138)
Other operating expenses	7	**(68,554)**	(73,379)
Operating results		**(2,876)**	(1,769)
Financial result	8	**(3,115)**	(2,937)
Results from associated companies		**1,419**	1,939
Loss before taxation		**(4,572)**	(2,767)
Taxes			
- Company and subsidiaries	9	**(3,813)**	(4,422)
Net loss		**(8,385)**	(7,189)
(Loss)/profit attributable to:			
- shareholders of Pelikan Holding AG		**(10,209)**	(10,077)
- minority interests		**1,824**	2,888

Pelikan Group

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER, 31

	Note	2009 CHF(000)	(Restated) 2008 CHF(000)
ASSETS			
Current assets			
Cash		**11,955**	12,781
Trade receivables	11	**62,497**	60,182
Other short term receivables	12	**22,067**	26,703
Inventories	13	**52,655**	53,123
Prepayments		**1,373**	1,322
		150,547	154,111
Non-current assets			
Tangible fixed assets	14	**43,193**	35,777
Financial assets			
Loans and investments	15	**12,624**	10,916
Deferred tax assets	16	**9,004**	9,967
		21,628	20,883
Intangible assets	17	**25,377**	30,826
		90,198	87,486
TOTAL ASSETS		**240,745**	241,597
LIABILITIES AND EQUITY			
Current liabilities			
Bank liabilities	18	**32,610**	29,337
Accounts payable	19	**28,749**	33,432
Other short-term liabilities	20	**53,209**	40,450
Short term provisions			
Provisions for pensions and similar commitments	21	**3,821**	3,734
Other provisions	22	**2,083**	1,188
		5,904	4,922
Deferred income		**13**	13
		120,485	108,154
Non-current liabilities			
Bank liabilities	18	**15,969**	22,837
Long term provisions			
Provisions for pensions and similar commitments	21	**72,080**	75,236
Provisions for deferred tax	16	**95**	252
Other provisions	22	**4,707**	4,825
		76,882	80,313
Other long-term liabilities	23	**3,718**	-
		96,569	103,150

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER, 31 (CONTD.)

	Note	**2009** **CHF(000)**	(Restated) 2008 CHF(000)
Shareholders' equity			
Capital stock	24	**100,100**	100,100
Revaluation reserve		**6,984**	6,781
Foreign currency reserves		**(4,527)**	(6,625)
Retained earnings	25	**(94,657)**	(84,448)
Total equity excluding minorities		**7,900**	15,808
Minority interests		**15,791**	14,485
Total equity including minorities		**23,691**	30,293
TOTAL EQUITY AND LIABILITIES		**240,745**	241,597

Pelikan Group

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

	2009 CHF(000)	(Restated) 2008 CHF(000)
Cash flows from business activities		
Loss before minority interest	**(8,385)**	(7,189)
Adjustments for :		
Depreciation and amortization	**12,210**	12,682
Impairment on intangible assets	**-**	138
Deferred taxes	**775**	1,422
Change in pension provisions	**(3,145)**	(3,694)
Change in other provisions	**685**	(245)
Gain on step acquisition	**(735)**	-
Book loss/(gain) from disposals of tangible fixed assets (net)	**21**	(877)
Results from associated companies	**(1,419)**	(1,939)
Change in trade receivables, other short term receivables and prepayments	**8,622**	1,711
Change in inventories	**3,800**	2,002
Change in accounts payables, other short term liabilities and deferred income	**4,047**	3,134
	16,476	7,145
Cash flows from investing activities		
Investments in tangible fixed assets	**(5,591)**	(5,863)
Disposals of tangible fixed assets	**939**	1,430
Investments in financial assets	**(142)**	(221)
Disposals of financial assets	**39**	-
Investments in intangible assets	**(973)**	(1,624)
Disposal of intangible asset	**27**	-
Acquisition of subsidiaries	**(4,430)**	1,187
Dividend from associated companies	**1,719**	1,035
	(8,412)	(4,056)
Cash flows from financing activities		
Changes in bank liabilities – current	**(913)**	1,314
Changes in bank liabilities – non-current	**(7,048)**	(2,550)
Dividend to minorities	**(781)**	-
	(8,742)	(1,236)
Effect of exchange rate changes and inflation adjustments	**(148)**	(5,656)
Net change in cash	**(826)**	(3,803)
Cash at January 1	**12,781**	16,584
Cash at December 31	**11,955**	12,781

Pelikan Group

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

CHF (000)	Capital stock	Revaluation Reserves	Foreign Currency Reserves	Retained earnings (Note 25)	Total equity excluding minorities	Minority interest	Total Equity
Balance Jan. 1, 2008	100,100	9,063	(4,202)	(73,436)	31,525	15,399	46,924
Prior year adjustment (Note 30)	-	-	935	(935)	-	-	-
Balance Jan. 1, 2008 (restated)	100,100	9,063	(3,267)	(74,371)	31,525	15,399	46,924
Result 2008	-	-	-	(11,431)	(11,431)	2,888	(8,543)
Translation adjustments	-	(2,282)	(3,358)	1,354	(4,286)	(3,802)	(8,088)
Balance Dec. 31, 2008(restated)	**100,100**	**6,781**	**(6,625)**	**(84,448)**	**15,808**	**14,485**	**30,293**
Dividend	**-**	**-**	**-**	**-**	**-**	**(781)**	**(781)**
Result 2009	**-**	**-**	**-**	**(10,209)**	**(10,209)**	**1,824**	**(8,385)**
Translation adjustments	**-**	**203**	**2,098**	**-**	**2,301**	**263**	**2,564**
Balance Dec. 31, 2009	**100,100**	**6,984**	**(4,527)**	**(94,657)**	**7,900**	**15,791**	**23,691**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

1. Summary of Significant Accounting Policies for the year ended December 31, 2009

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 43 to 44. Pelikan Mexico de CV (formerly known as Productos Pelikan SA de CV) and its subsidiaries, 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 Group Reporting Packages (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.

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 for the year. The differences resulting from utilization of differing exchange rates for the translation of balance sheets and income statement are applied to shareholders' equity. Unrealised foreign exchange gains or losses on long term intra-group loans with equity nature are recognized in shareholders' equity. The exchange rates used are as follows:

	2009		2008	
	Year-end rate	**Average rate**	Year-end rate	Average rate
	CHF	**CHF**	CHF	CHF
1 EUR	**1.49**	**1.51**	1.49	1.58
1 USD	**1.04**	**1.09**	1.06	1.07
1 MYR	**0.30**	**0.31**	0.30	0.32
100 MXN	**7.97**	**8.01**	7.74	9.69
1 ARS	**0.27**	**0.29**	0.31	0.34

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 income statement as minority interest.

Consolidation adjustments

All intercompany balances and transactions including intercompany profits 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 (duration < 3 months), which are at nominal value.

Receivables

Trade receivables and other short-term receivables are shown at invoiced amounts less appropriate provisions for debtors' risks. Specific provisions for doubtful accounts 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.

Pelikan Group

Tangible fixed assets

Tangible fixed assets are stated at their acquisition or manufacturing cost less accumulated depreciation. Yearly impairment tests are made and the appropriate charge, if any, is booked to income statement. Inflation-related revaluation 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”. Any profit or loss from disposal of tangible fixed assets is booked to income statement.

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
Moulds	1 – 25 years
Office and other equipment	3 – 10 years
Motor vehicles	4 – 7 years

The estimated useful lives in the machinery and technical equipment category ranges from: equipment for design writing instruments for 10 years, moulding machines for 20 years and technical equipment for production facilities (infrastructure for building) for 30 years. Moulds have useful lives ranging from 1 year for limited editions of fine writing instruments due to one-time production cycle and up to 25 years for moulds for ink cartridges.

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 cost incurred during the construction of property, plant and equipment is 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 used.

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 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.

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 only defined benefit 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. Actuarial gains and losses are recognised in accordance with IAS 19.93. An alternative systematic method that would result in a faster recognition of actuarial gains and losses, has not been adopted.

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.

Pelikan Group

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.

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.

3. Acquisition of subsidiaries

Pelikan France SAS
In January 2009, a 100% subsidiary of the Company in France, Pelikan France S.A.S, which was incorporated in December 2008, acquired the Pelikan distribution business in France from Pelikan Hardcopy Production AG for a cash consideration of CHF 0.4 million.

Pelikan Colombia S.A.S.
In January 2009, the Group via Pelikan Mexico S.A. de C.V. (formerly known as Productos Pelikan S.A. de C.V.) had acquired a 80.5% equity interest in Pelikan Colombia S.A.S. (formerly known as Indistri S.A representing 5,836,933,444 shares of Colombian Peso ("COP") 1 each for a total consideration of USD 4,250,000 (CHF 4,552,000). Prior to January 2009, Pelikan Holding AG had an interest of 19.5% of the shares in Pelikan Colombia SAS. The principal activities of Pelikan Colombia SAS are the manufacturing and distribution of office, schools and stationery supplies.

Pelikan Group

3. Acquisition of subsidiaries (Contd.)

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

CHF (000)		Pelikan Colombia SAS
Date of acquisition – 13 January 2009		
Cash and cash equivalents		122
Accounts receivables		6,239
Inventories		3,287
Prepaid expenses		35
Property, plant and equipment, net		7,705
Intangible assets		27
Financial assets		34
Total assets acquired		**17,449**
Accounts payables		(3,714)
Other payables		(3,522)
Bank liabilities		(4,522)
Total liabilities assumed		**(11,758)**
Fair value of identifiable net assets acquired		**5,691**
Fair value of identifiable net assets acquired by Pelikan Mexico S.A. de CV	(80.5%)	**4,581**

4. Net sales

CHF (000)	2009	(Restated) 2008
Sales to third parties	**303,691**	319,210
Sales to related parties	**9,400**	10,890
Total	**313,091**	330,100

Sales by region	2009 CHF (000)	%	(Restated) 2008 CHF (000)	%
Germany	**159,517**	**51.0**	177,324	53.7%
Italy	**19,813**	**6.3**	27,322	8.3%
Switzerland	**11,000**	**3.5**	17,107	5.2%
Rest of Europe	**59,777**	**19.1**	48,766	14.8%
Total Europe	**250,107**	**79.9**	270,519	82.0%
Latin-America	**47,907**	**15.3**	41,333	12.5%
Other countries	**15,077**	**4.8**	18,248	5.5%
Total	**313,091**	**100.0**	330,100	100.0%

Pelikan Group

5. Other operating income

CHF (000)	2009	(Restated) 2008
Income from staff lease	**507**	786
Indemnification payments	**377**	633
Income from the release of provisions	**292**	332
Refunds from insurances	**242**	251
Income from licenses	**97**	551
Profit on disposal of tangible assets	**46**	877
Income from commission	**-**	337
Compensations received out of litigations	**-**	3,668
Others	**1,387**	1,403
Total	**2,948**	8,838

6. Personnel expenses

CHF (000)	2009	(Restated) 2008
Salaries and wages	**57,460**	57,797
Social security contributions and other welfare expenses	**15,777**	14,403
Pension expenses	**5,316**	5,787
Total	**78,553**	77,987

The headcount as well as the changes in the number of employees are shown on page 6.

7. Other operating expenses

CHF (000)	2009	(Restated) 2008
Sales promotion	**17,845**	20,021
External costs for logistics, administration, sales	**12,961**	13,206
Occupancy costs	**7,770**	7,740
Administration costs	**7,201**	8,110
Outwards freight, packaging	**6,826**	8,022
Energy, other operating expenses	**4,642**	5,845
Licenses and commissions	**3,182**	4,108
Travel expenses	**2,517**	3,131
Communication, EDP	**2,333**	2,368
Provision for doubtful debts	**1,144**	278
Others	**2,133**	550
	68,554	73,379

8. Financial result

CHF (000)	2009	(Restated) 2008
Interest and similar income	**474**	983
Interest and similar expenses	**(4,812)**	(5,569)
Gain on exchange rate (net)	**488**	1,649
Gain on step acquisition	**735**	-
Total	**(3,115)**	(2,937)

Interest and similar expenses

CHF (000)	2009	(Restated) 2008
Interest to third parties	**4,620**	5,484
Interest to related parties	**192**	85
	4,812	5,569

9. Taxes

CHF (000)	2009	(Restated) 2008
Expense from current taxes	**3,038**	3,000
Expenses from deferred taxes	**775**	1,422
Total	**3,813**	4,422

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 11 on page 53.

11. Trade receivables

CHF (000)	2009	(Restated) 2008
Trade receivables from third parties	**65,522**	62,427
Provisions for doubtful debts	**(3,025)**	(2,245)
Total	**62,497**	60,182

As of December 31, 2009 derecognized accounts receivables under financing agreement amounted to CHF 6.5 million (2008: CHF 9.4 million).

12. Other short term receivables

CHF (000)	2009	(Restated) 2008
From parent company and its related companies (related parties)		
Pelikan Production (Malaysia) Sdn Bhd, Malaysia	**2,142**	2
PBS Office Supplies Pte Ltd, Singapore	**1,752**	492
Pelikan Singapore Pte Ltd, Singapore	**1,683**	1,464
Pelikan Polska Sp.z.o.o, Poland	**1,635**	907
Pelikan Hardcopy Production AG, Switzerland	**1,320**	1,463
Pelikan International Corporation Berhad, Malaysia	**1,107**	720
Pelikan Middle East FZE, United Arab Emirates	**444**	537
Pelikan Produktions AG, Switzerland	**-**	7,628
Others	**1,595**	2,686
Total	**11,678**	15,899
From associated companies	**1,166**	934
From third parties	**9,223**	9,870
Total	**22,067**	26,703

13. Inventories

CHF (000)	2009	(Restated) 2008
Raw material, stores and operating supplies	**7,620**	6,561
Work in process	**12,329**	11,191
Finished products and merchandise	**36,756**	40,090
Goods in transit	**1,698**	1,075
Payments on account	**399**	455
Valuation adjustments	**(6,147)**	(6,249)
Total	**52,655**	53,123

Pelikan Group

14. Tangible fixed assets

CHF (000)	Land and buildings	Machinery and technical equipment	Motor vehicles, moulds, production and office equipment	Assets under construction	Total
Cost					
Opening balance Jan. 1, 2009	20,154	45,674	44,262	1,645	111,735
Acquisition of subsidiaries	4,799	8,526	1,059	132	14,516
Investments	8	2,253	2,655	675	5,591
Disposals	(170)	(1,105)	(2,616)	(296)	(4,187)
Transfers	115	345	430	(890)	-
Translation differences	378	472	(1)	11	860
Ending Balance Dec. 31, 2009	**25,284**	**56,165**	**45,789**	**1,277**	**128,515**
Accumulated depreciation					
Opening balance Jan. 1, 2009	11,751	34,796	29,188	223	75,958
Acquisition of subsidiaries	56	6,304	493	-	6,853
Disposals	-	(1,059)	(2,097)	(70)	(3,226)
Depreciation	357	1,756	3,142	-	5,255
Translation differences	118	387	(19)	(4)	482
Ending Balance Dec. 31, 2009	**12,282**	**42,184**	**30,707**	**149**	**85,322**
Net book value					
Ending Balance Dec. 31, 2009	**13,002**	**13,981**	**15,082**	**1,128**	**43,193**
Ending Balance Dec. 31, 2008	8,403	10,878	15,074	1,422	35,777

Insurance values of the tangible fixed assets amounted to CHF 121.4 million as of December 31, 2009 (2008: CHF 113.9 million).

15. Loans and investments

CHF (000)	Investments in associated companies	Loans to third parties	Long-term securities	Total
Opening balance Jan. 1, 2009	9,936	62	918	10,916
Acquisition of a subsidiary	-	31	-	31
Share of current year net result	1,419	-	-	1,419
Dividends	(1,719)	-	-	(1,719)
Translation adjustments	2,245	1	(3)	2,243
Other movements	(369)	(39)	142	(266)
Ending Balance Dec. 31, 2009	**11,512**	**55**	**1,057**	**12,624**

Significant balance sheet information for associated companies is as follows:

CHF (000)	**2009**	2008
Current assets	**7,588**	19,112
Non-current assets	**24,999**	22,216
Current liabilities	**(2,184)**	(9,799)
Non-current liabilities	**(270)**	(4,318)

The associated companies are shown in the list of group companies on pages 43 to 44.

16. Deferred tax

CHF (000)	**2009**	(Restated) 2008
Deferred tax assets from:		
- Temporary differences	**5,958**	4,523
- Net losses	**3,046**	5,444
Total deferred tax assets	**9,004**	9,967
Deferred tax liabilities from:		
- Temporary differences	**95**	252
Total deferred tax assets, net	**8,909**	9,715

16. Deferred tax (Contd.)

Movements in deferred taxes during the year were as follows:

CHF (000)	2009	(Restated) 2008
Opening Balance Jan. 1	**9,715**	11,825
Expenses from deferred taxes	**(775)**	(1,422)
Translation adjustments	**(31)**	(688)
Ending Balance Dec. 31	**8,909**	9,715

The available trade tax losses carried forward related to companies in Germany amount to CHF 142.3 million, for which no deferred tax asset has been recognised. Assuming a tax rate of 14.6%, a further CHF 20.7 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, 2009	10,234	2,407	21,681	15,850	833	51,005
Acquisition of a subsidiary	27	-	-	-	-	27
Acquisition of business	-	-	496	-	-	496
Investments	6	933	-	-	34	973
Disposals	(27)	-	-	-	-	(27)
Translation difference	(5)	(15)	(10)	-	-	(30)
Ending Balance Dec. 31, 2009	**10,235**	**3,325**	**22,167**	**15,850**	**867**	**52,444**
Accumulated depreciation						
Opening balance Jan. 1, 2009	6,921	821	7,047	5,210	180	20,179
Amortisation	638	480	2,725	2,944	168	6,955
Translation difference	(13)	(7)	(42)	-	(5)	(67)
Ending Balance Dec. 31, 2009	**7,546**	**1,294**	**9,730**	**8,154**	**343**	**27,067**
Net book value						
Ending Balance Dec. 31, 2009	**2,689**	**2,031**	**12,437**	**7,696**	**524**	**25,377**
Ending Balance Dec. 31, 2008	3,313	1,586	14,634	10,640	653	30,826

17. Intangible assets (Contd.)

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

Goodwill of CHF 0.5 million arose from acquisition of the Pelikan distribution business in France in January 2009. This goodwill is amortised on a straight-line basis over 5 years.

18. Bank liabilities

CHF (000)	**2009**	(Restated) 2008
Current	**32,610**	29,337
Non-current	**15,969**	22,837
	48,579	52,174
Unsecured bank liabilities	**27,678**	35,383
Secured bank liabilities	**20,901**	16,791
Total	**48,579**	52,174
Secured by:		
Receivables	**2,975**	7,662
Inventories	**4,791**	7,252
Tangible assets	**11,878**	3,717
Total	**19,644**	18,631

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 3.0 million (2008: CHF 4.3 million). These are secured by shares in a subsidiary, Geha GmbH (formerly known as German Hardcopy AG).

19. Accounts payable

CHF (000)	**2009**	(Restated) 2008
Payables to third parties	**15,400**	19,272
Payables to a related party		
Pelikan Hardcopy Production AG, Switzerland	**13,349**	14,160
	28,749	33,432

20. Other short term liabilities

CHF (000)	2009	(Restated) 2008
Payables to parent company and its related companies (related parties)		
Pelikan International Corporation Berhad, Malaysia	**6,899**	4,344
Pelikan Production (Malaysia) Sdn Bhd, Malaysia	**5,187**	2,416
Others	**2,408**	1,392
	14,494	8,152
Payables to third parties		
Income taxes payable	**993**	1,781
Accruals	**26,893**	23,309
Others	**10,829**	6,588
	38,715	31,678
Payables to associated companies	**-**	620
Total	**53,209**	40,450

21. Provisions for pensions and similar commitments

CHF (000)	2009	(Restated) 2008
Change of present value of the defined benefit obligation		
Balance at January 1	**80,952**	94,764
Current service cost	**492**	315
Interest cost	**4,767**	4,741
Actuarial (gains) / losses	**2,548**	(3,080)
Benefits paid	**(8,558)**	(9,156)
Other movements	**641**	2,709
Forex	**(7)**	(9,341)
Ending Balance at Dec. 31, 2009	**80,835**	80,952
Change of fair value of the plan assets		
Balance at January 1	**4,096**	1,631
Expected return on plan assets	**177**	149
Actuarial gains / (losses)	**(1,150)**	820
Employee's contribution	**102**	102
Employer's contribution	**310**	218
Benefits paid	**(145)**	(33)
Other movements	**-**	1,396
Forex	**20**	(187)
Ending Balance at Dec. 31, 2009	**3,410**	4,096

The actual return on plan assets amounts to CHF -1.0 million (2008: CHF 1.0 million).

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

The pension assets are composed of the essential asset classes:

Valuation date December 31	**2009**	(Restated) 2008
Qualifying insurance policies	**41%**	55%
Debt instruments	**29%**	19%
Equities	**10%**	12%
Real estate	**9%**	6%
Bonds	**4%**	3%
Cash	**1%**	2%
Others	**6%**	3%
	100%	100%

The pension assets do not include any own financial instruments nor property occupied by or other assets used by the Group itself.

CHF (000)	**2009**	(Restated) 2008
Recorded liability in the balance sheet		
Present value of funded obligations	**5,634**	5,509
Fair value of plan assets	**(3,410)**	(4,096)
Funded status	**2,224**	1,413
Present value of unfunded obligations	**75,201**	75,443
Unrecognised actuarial gains / (losses)	**(1,524)**	2,114
Liability in the balance sheet	**75,901**	78,970
Amount included in personnel costs		
Current service cost	**492**	315
Interest cost	**4,767**	4,741
Expected return on assets	**(177)**	(149)
Actuarial gain / (loss) of the year	**-**	63
Employee's contribution	**(102)**	(102)
Other movements	**336**	919
Pension expenses	**5,316**	5,787

Actuarial assumptions in %	**2009**	2008
Discount rate	**4.53**	6.03
Expected rate of return on plan assets	**4.81**	4.70
Expected rate of salary increases	**2.12**	2.52
Expected rate of pension increases	**0.21**	0.28

Expected employer contributions for 2010 amounts to CHF 0.3 million.

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

The following table shows how the actual development of defined benefit obligations and fair value of the plan assets deviates from their expected development:

CHF (000)	**2009**	(Restated) 2008	2007
Present value of defined benefit obligations	**80,835**	80,952	94,764
Fair value of plan assets	**(3,410)**	(4,096)	(1,631)
Underfunding	**77,425**	76,856	93,133
Experience adjustments on pension liabilities	**(132)**	(1,939)	540
Experience adjustments on plan assets	**(1,150)**	820	31

The expected return on assets depends especially on the investment strategy of insurance companies respectively and the policy of the board of the foundation in which the pension assets have been mainly invested. The expected returns on government bonds, equity instruments and other assets are orientated on the long-term development of these kind of investments in the particular market.

22. Other provisions

CHF (000)	**2009**	(Restated) 2008
Balance Jan. 1	**6,013**	6,037
Acquisition of subsidiaries	**-**	267
Reclassification	**(465)**	-
Charged to income statement	**1,909**	1,184
Utilized during the year	**(646)**	(723)
Translation adjustments	**(21)**	(752)
Balance Dec. 31	**6,790**	6,013
Current	**2,083**	1,188
Non-current	**4,707**	4,825
Total	**6,790**	6,013

Other provisions comprise of warranty claims of CHF 0.7 million (2008: CHF 0.8 million) and personnel related benefits of CHF 5.3 million (2008: CHF 5.2 million) where there is a possibility of a later payment.

23. Other long term liabilities

This relates to amount payable to parent, Pelikan International Corporation Berhad and is repayable after 12 months.

24. Capital stock

At December 31, 2009, 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

25. Retained earnings

Retained earnings include legal and local statutory revaluation reserves of Pelikan Holding AG of CHF 13.5 million (2008: CHF 13.5 million) which are not distributable.

26. 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, 2009 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, 2009 due to the pledge of shares as mentioned above. Valartis Bank AG, Switzerland, holds 5.07% equity interest in the Company.

27. Derivative financial instruments

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

CHF (000)	**Dec. 31, 2009 Recognised as asset**	**Dec. 31, 2009 Recognised as liability**	Dec. 31, 2008 Recognised as asset	Dec. 31, 2008 Recognised as liability	Reason
Foreign currency	**-**	**-**	25	-	Hedge

28. Other financial commitments

CHF (000) at nominal values	**2009**	(Restated) 2008
Leasing and rent commitments		
- due next year	**4,046**	4,360
- due within 2-5 years	**4,457**	4,742
- due after 5 years	**81**	6
Total	**8,584**	9,108

The rental periods for land and buildings extend up to the year 2014. As of December 31, 2009, capital commitment authorised and contracted for amounted to CHF 0.2 million (2008: CHF 0.8 million).

29. 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)	**2009**	(Restated) 2008
Income		
License fees, commissions and other operating income	**1,054**	794

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 68.6 million (2008: CHF 67.3 million). The Group has also acquired the distribution business in France from Pelikan Hardcopy Production AG for a total consideration of CHF 0.4 million.

30. Prior year adjustments

The revised Swiss GAAP FER requires the classification of unrealized foreign exchange gain or loss of long term inter-group loans with equity nature to equity instead of profit and loss account. The effect of such change in accounting policy is required to be adjusted retrospectively. As a result, there is an adjustment of CHF 1.4 million of unrealized foreign exchange loss to the income statement for the financial year ended 31 December 2008, and of CHF 0.4 million of unrealized foreign exchange loss on intercompany loan with equity nature to the balance sheet as at 31 December 2008 as follows:

CHF (000)	**As previously reported**	**Adjustment**	**As restated**
31.12.2008			
Consolidated Income Statement			
Financial result, net	(4,291)	1,354	(2,937)
1.1.2008 and 31.12.2008			
Consolidated Balance Sheet			
As at 1.1.2008			
Retained earnings	(73,436)	(935)	(74,371)
Foreign exchange reserve	(4,202)	935	(3,267)
Total retained earnings	(77,638)	-	(77,638)
As at 31.12.2008			
Retained earnings	(84,867)	419	(84,448)
Foreign exchange reserve	(6,206)	(419)	(6,625)
Total retained earnings	(91,073)	-	(91,073)

Pelikan Group

31. Changes in presentation

The personnel expenses do include "Expenses for pensioners" which have previously been presented separately. The result from associated companies has been presented net of taxes. Formerly, taxes on results from associated companies have been included in "Taxes".

Note to provisions for pensions and similar commitments announced in the Notes to the consolidated financial statements for the year ended December 31, 2008 have been extended and partly amended. Please refer to note 21.

The following items had been re-presented in accordance to the requirements of Swiss GAAP FER:

CHF (000)	As previously reported	Adjustment	As restated
<u>31.12.2008</u>			
Consolidated Income Statement			
Personnel expenses	(73,684)	(4,303)	(77,987)
Expenses for pensioners	(4,303)	4,303	-

The net impact on operating results and net profit after accounting for the above reclassifications and prior year adjustment in Note 30 above are as follows:

CHF (000)	As previously reported	Adjustment	As restated
Operating results	2,534	(4,303)	(1,769)
(Loss)/profit before taxation	(4,121)	1,354	(2,767)
Net profit	(11,431)	1,354	(10,077)

32. Change of estimates

The Group revised the estimated useful lives of certain machinery and technical equipment. The revisions were accounted for prospectively as a change in the accounting estimate and as a result, the depreciation charges for the Group for the current financial year ended 31 December 2009 have been reduced by CHF 0.5 million.

33. Events after the balance sheet date

(a) These consolidated financial statements were approved by the Board of Directors on 30 April 2010. No significant events have occurred since the balance sheet date and up to 30 April 2010, which could have an impact on these consolidated financial statements or which are required to be disclosed.

(b) In March 2010, the parent, Pelikan International Corporation Berhad had completed the acquisition of Herlitz AG Group, who is a leading producer of paper, office, stationery and papetery articles in Europe. The parent expects much synergistic benefits and cost savings to be gained during the consolidation of its logistic operations in Germany into the newly acquired Falkensee Logistics Centre (FLC) of the Herlitz AG Group.

Pelikan Group

GROUP AND ASSOCIATED COMPANIES AS AT DECEMBER 31, 2009

Country and location	Name	Capital stock in 1000		Group Holding in %	thereof directly held by Pelikan Holding AG in %	Consolid ation	Operation
EUROPE							
Austria							
Wiener Neudorf	Pelikan Austria GesmbH	EUR	872	100	100	C	D
Germany							
Hanover	Kreuzer Produktion + Vertrieb GmbH	EUR	26	100		C	O
Hanover	Pelikan GmbH	EUR	7,670	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	EUR	95	100		C	S
Brilon	Geha GmbH (formerly 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.	EUR	3,630	100	100	C	D
Spain							
Lliçà del Vall	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							
Karlstadt	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, 2009

Country and location	Name	Capital stock in 1000		Group Holding in %	thereof directly held by Pelikan Holding AG in %	Consolida tion	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	7,868	51.6	3.2	C	P/D
Colombia							
Santafé de Bogotá	Pelikan Colombia S.A.S. (formerly known as Indistri S.A.)	COP	15,487,749	54.6	9.1	C	P/D
Mexico							
Puebla	Pelikan Mexico S.A. de CV (formerly known as 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 auditors on the consolidated financial statements

to the general meeting of

Pelikan Holding AG, Feusisberg

As statutory auditor, we have audited the accompanying consolidated financial statements of Pelikan Holding AG, which comprise the income statement, balance sheet, statement of cash flows, statement of changes in equity and notes (page 19 to 42) for the year ended 31 December 2009.

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 2009 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 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 2010

BDO Ltd

Andreas Wyss	Reto Frey
Auditor in Charge	
Licensed Audit Expert	Licensed Audit Expert

Pelikan Holding AG, Feusisberg

Financial Statements
2009

Pelikan Holding AG, Feusisberg

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31

	Note	**2009** **CHF(000)**	2008 CHF(000)
Income from investments		**4,331**	1,706
Other operating income		**175**	-
Administration expenses		**(734)**	(431)
Depreciation		**-**	(10)
Exchange differences		**738**	(671)
Interest income		**382**	796
Interest expense		**(647)**	(874)
Extraordinary income	3	**-**	6,233
Extraordinary expenses	4	**(11,614)**	(8,404)
Result before taxation		**(7,369)**	(1,655)
Taxes		**(20)**	18
Net result for the year		**(7,389)**	(1,637)

Pelikan Holding AG, Feusisberg

BALANCE SHEET AS AT DECEMBER 31

	Note	**Dec. 31, 2009 CHF(000)**	Dec. 31, 2008 CHF(000)
ASSETS			
Fixed assets			
Investments	1	**65,421**	65,417
Loans receivable from subsidiary companies	5	**1,339**	1,606
		66,760	67,023
Current assets			
Other receivables		**-**	17
Receivables from subsidiary companies		**1,434**	1,863
Receivables from parent and its related companies		**858**	7,760
Bank		**1,611**	22
		3,903	9,662
TOTAL ASSETS		**70,663**	76,685
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		**(62,757)**	(55,368)
		50,795	58,184
Non-current liabilities			
Bank liabilities	8	**3,327**	3,446
Payables to subsidiary companies	9	**873**	1,763
Payable to parent	10	**3,767**	-
		7,967	5,209
Current liabilities			
Bank liabilities	8	**-**	3,163
Payables to subsidiary companies	9	**9,730**	4,992
Payables to parent and its related companies	10	**-**	4,864
Other liabilities to third parties		**429**	273
Short term provision		**1,742**	-
		11,901	13,292
TOTAL EQUITY AND LIABILITIES		**70,663**	76,685

Pelikan Holding AG, Feusisberg

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31

CHF (000)	Capital stock	Legal reserves	Revaluation reserve	Retained earnings	Total Equity
Balance Jan. 01, 2008	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**
Result 2009	-	-	-	(7,389)	(7.389)
Balance Dec. 31, 2009	**100,100**	**1,166**	**12,286**	**(62,757)**	**50,795**

NOTES TO THE FINANCIAL STATEMENTS 2009

1. Investments

The investments of Pelikan Holding AG are shown in the list of group companies pages 43 and 44.

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)	**2009**	2008
Service of debt warrants granted in prior years	**-**	5,420
Waiver of debt from parent company	**-**	813
	-	6,233

4. Extraordinary expenses

CHF (000)	**2009**	2008
Value adjustment for waiver of loan with debt warrant to subsidiaries	**5,012**	1,926
Value adjustment for loan to subsidiaries	**3,578**	6,386
Provision for guarantee granted to a subsidiary	**1,742**	-
Value adjustment for waiver of loan to subsidiaries	**1,266**	-
Value adjustment for other receivables	**16**	92
Total	**11,614**	8,404

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, 2009, 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

Since half of the share capital and the legal reserves are no longer covered (Art 725 I CO), the Board of the company is evaluating steps to resolve this situation. No final steps have been taken until 30 April 2010.

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 3.3 million (2008: CHF 4.3 million) are secured by shares in a subsidiary, Geha GmbH (formerly known as German Hardcopy AG), at carrying value of CHF 6.6 million (2008: CHF 6.6 million).

9. Payables to subsidiary companies

At the end of 2009, payables to subsidiary companies include mainly the liabilities to Pelikan PBS-Produktionsgesellschaft mbH & Co. KG and Pelikan Vertriebsgesellschaft mbH & Co. KG, both in Hanover, Germany in the amount of CHF 5.0 million (2008: CHF 3.2 million, mainly to Pelikan GmbH, Hanover).

10. Payables to parent and its related companies

At the end of 2009, payables to parent and its related companies solely include liability to the parent, Pelikan International Corporation Berhad.

11. Compensation, shareholdings and loans

Remuneration of members of the Board of Directors in 2009
CHF (000)

	Salaries	Bonus	Compensation for Board committee members	Pension, social insurance fund and benefits in kind	Total 2009	Total 2008
Executive directors						
Loo Hooi Keat*	-	-	-	-	-	-
Ng Cheong Seng	74	-	-	18	92	113
Peter Raijmann	242	-	-	27	269	282
Non-executive director						
Thomas Pfister	-	-	-	-	-	116
Total remuneration of Board of Directors	316	-	-	45	361	511

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 2009
CHF (000)

	Salaries	Bonus	Compensation for Board committee members	Pension, social insurance fund and benefits in kind	Total 2009	Total 2008
Chief Executive Officer						
Loo Hooi Keat*	368	-	-	81	449	441
Others						
Annual salaries					919	913
Bonus					253	289
Pension and social insurance fund					96	108
Benefits in kind					55	23
Total remuneration of Executive Committee and Group Management					1,323	1,333

11. Compensation, shareholdings and loans (Contd.)

- 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 2009.
- Thomas Pfister, a Non-Executive Member of the Board of Directors stepped down in the financial year ended 31 December 2008 and had received a fixed board fee of CHF 0.01 million in 2008.
- No severance payment was made in 2009 to any Board Member or Member of the Group Management who resigned in earlier years.
- No compensation was paid in 2009 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 2009. The direct and indirect interest of Loo Hooi Keat in Pelikan International Corporation Berhad is 0.2% and 27.5% 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.
- In case of dissolving the engagement with the company, there are no agreements providing for a benefit of the members of the Board of Directors or the management.

12. Parent company

As of December 31, 2009, 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.

13. 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, 2009 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, 2009 due to the pledge of shares as mentioned above. Valartis Bank AG, Switzerland, holds 5.07% equity interest in the Company.

Pelikan Holding AG, Feusisberg

14. 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 (2008: CHF 14.9 million). The financed amount as at 31st December 2009 was CHF 0.3 million (2008: CHF 2.7 million).

Additionally, Pelikan Holding AG granted letters of comfort, guarantees and an additional assumption of debt to banks and financial institutions in favour of its subsidiaries for credit line of a maximum of CHF 33.6 million (2008: CHF 30.5 million). Furthermore Pelikan Holding AG provided a guarantee to a related company amounting to CHF 1.4 million (2008: CHF 1.4 million), for which Pelikan International Corporation Berhad granted a back up guarantee in the same amount.

15. Events after the balance sheet date

These statutory financial statements were approved by the Board of Directors on 30 April 2010. No significant events have occurred since the balance sheet date and up to 30 April 2010, which could have an impact on these consolidated financial statements or which are required to be disclosed.

Pelikan Holding AG, Feusisberg

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE TREATMENT OF ACCUMULATED DEFICIT AS OF DECEMBER 31, 2009

CHF (000)	**2009**	2008
Accumulated deficit at January 1	**(55,368)**	(53,731)
Net result for the year	**(7,389)**	(1,637)
Accumulated deficit at December 31, to be carried forward	**(62,757)**	(55,368)

Report of the statutory auditor
to the general meeting of

Pelikan Holding AG, Feusisberg

As statutory auditor, we have audited the accompanying financial statements of Pelikan Holding AG, which comprise the income statement, balance sheet, statement of changes in equity and notes (pages 48 to 55) for the year ended 31 December 2009.

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.

Auditors' 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 2009 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 2010

BDO Ltd

Andreas Wyss	Reto Frey
Auditor in Charge Licensed Audit Expert	Licensed Audit Expert

Pelikan Holding AG, Feusisberg

INSTITUTIONS / MANAGEMENT as at December 31, 2009

Board of Directors

Loo Hooi Keat
President
Selangor Darul Ehsan / Malaysia

Ng Cheong Seng
Vice President
Selangor Darul Ehsan / Malaysia

Peter Raijmann
Member
Hanover / Germany

Secretary of the Board of Directors

Frauke Wandrey
Hanover / Germany

Auditors

BDO Ltd
Zurich / Switzerland

Management

Loo Hooi Keat
Selangor Darul Ehsan / Malaysia

Ng Cheong Seng
Selangor Darul Ehsan / Malaysia

Peter Raijmann
Hanover / Germany

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