

PELIKAN HOLDING AG

**INTERIM REPORT
AS OF JUNE 30, 2010**

KEY FIGURES

Pelikan Group

FINANCIAL KEY FIGURES

<i>CHF m</i>	JUNE 30, 2010	June 30, 2009
Net sales	148.4	162.4
Operating results	1.2	4.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	8.2	10.8
Result attributable to shareholders of Pelikan Holding AG	(1.2)	0.6
Total assets	234.0	271.2
Shareholders' equity	9.4	18.2
<i>Shareholders' equity in % of total assets</i>	4.0%	6.7%
Net debts*	30.0	49.3

OPERATING KEY FIGURES

Number of employees	1,378	1,504
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KEY FIGURES PER SHARE

<i>CHF/ share</i>		
Result attributable to shareholders of Pelikan Holding AG	(0.8)	0.4
Equity (Net Asset Value)		
Before deferred taxes	0.7	5.1
after deferred taxes	6.2	11.8

SHARE PRICE

<i>CHF</i>		
High/ low	50.00/40.00	87.95/50.00
At June 30	49.95	50.00

*Interest-bearing debt less cash and cash equivalent

Pelikan shares, Swiss security number 632875

CONSOLIDATED INCOME STATEMENT

Pelikan Holding AG Group (not audited)

<i>CHF m</i>	JAN - JUNE, 2010	1. HALF 2009
Net sales	148.4	162.4
Other operating income	1.5	1.1
Change in the level of finished goods and work in process	1.5	1.8
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	151.4	165.3
Materials purchased	(74.7)	(79.2)
Personnel expenses	(37.6)	(39.3)
Depreciation on tangible fixed assets	(2.4)	(2.6)
Amortization on intangible assets	(3.5)	(3.4)
Impairment on intangible assets	(0.3)	-
Other operating expenses	(31.7)	(36.3)
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Operating results	1.2	4.5
Financial result	(0.9)	(1.7)
Results from associated companies	1.1	0.3
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Profit before taxation	1.4	3.1
Taxes – company and subsidiaries	(1.4)	(1.7)
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Net profit	0.0	1.4
(Loss)/profit attributable to:		
- shareholders of Pelikan Holding AG	(1.2)	0.6
- minority interests	1.2	0.8
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	0.0	1.4

CONSOLIDATED BALANCE SHEET

Pelikan Holding AG Group (not audited)

<i>CHF m</i>	JUNE 30, 2010	(Audited) DECEMBER 31, 2009
ASSETS		
Current assets		
Cash	10.5	11.9
Trade receivables	68.0	62.5
Other short term receivables	18.0	22.1
Inventories	54.1	52.6
Prepayments	1.7	1.4
	152.3	150.5
Non-current assets		
Tangible fixed assets	39.8	43.2
Financial assets		
Loans and investments	13.3	12.6
Deferred tax assets	8.5	9.0
	21.8	21.6
Intangible assets	20.1	25.4
	81.7	90.2
TOTAL ASSETS	234.0	240.7
LIABILITIES AND EQUITY		
Current liabilities		
Bank liabilities	27.1	32.6
Accounts payable	28.9	28.7
Other short term liabilities	57.6	53.2
Short term provisions		
Provisions for pensions and similar	3.5	3.8
Other provisions	1.1	2.1
	4.6	5.9
	118.2	120.4
Non-current liabilities		
Bank liabilities	13.4	16.0
Long term provisions		
Provisions for pensions and similar	62.7	72.1
Provisions for deferred tax	0.1	0.1
Other provisions	4.3	4.7
	67.1	76.9
Payable to parent	10.1	3.7
	90.6	96.6
Shareholders' Equity		
Capital stock	100.1	100.1
Revaluation reserve	7.4	7.0
Foreign currency reserves	(2.2)	(4.5)
Retained earnings	(95.9)	(94.7)
Total equity excluding minorities	9.4	7.9
Minority Interests	15.8	15.8
Total equity including minorities	25.2	23.7
TOTAL LIABILITIES AND EQUITY	234.0	240.7

CONSOLIDATED STATEMENT OF CASH FLOWS

Pelikan Holding AG Group (not audited)

CHF m	JAN - JUNE, 2010	1. HALF 2009
<u>Cash flows from business activities</u>		
Profit before minority interest	0.0	1.4
Adjustments for :		
Depreciation and amortization	5.9	6.0
Impairment of intangible assets	0.3	0.0
Deferred taxes	(0.3)	(0.2)
Change in pension provisions	(1.8)	(1.9)
Change in other provisions	(0.7)	(0.3)
Book loss from disposals of tangible fixed assets (net)	0.2	0.0
Results from associated companies	(1.1)	(0.3)
Change in trade receivables, other short term receivables and prepayments	(5.8)	(5.1)
Change in inventories	(5.2)	(6.9)
Change in accounts payables, other short term liabilities and deferred income	9.2	12.4
	<u>0.7</u>	<u>5.1</u>
<u>Cash flows from investing activities</u>		
Investments in tangible fixed assets	(1.1)	(3.3)
Disposals of tangible fixed assets	0.3	0.6
Investments in intangible assets	(0.3)	(0.5)
Acquisition of a subsidiary	0.0	(4.5)
Acquisition of business	0.0	(0.3)
Dividend from associated companies	0.3	0.7
Purchase of securities	0.0	(1.7)
	<u>(0.8)</u>	<u>(9.0)</u>
<u>Cash flows from financing activities</u>		
Net advances from parent company	7.0	0.0
Changes in bank liabilities – current	(2.4)	(4.7)
Changes in bank liabilities – non-current	(2.2)	3.2
Dividend to minorities	(2.1)	0.0
	<u>0.3</u>	<u>(1.5)</u>
Effect of exchange rate changes and inflation adjustments	<u>(1.6)</u>	<u>(0.4)</u>
Net change in cash	(1.4)	(5.8)
Cash at January 1	11.9	12.8
Cash at June 30	<u>10.5</u>	<u>7.0</u>

1. Basis of Preparation

The interim consolidated financial statements are unaudited and have been prepared in accordance with Swiss GAAP FER 12. These consolidated financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

2. General Business Activities

The Group basically engages in the manufacturing and distribution of writing instruments, art, painting and hobby products, school and office stationery as well as distribution of printer consumables.

3. Seasonality or Cyclicity of Interim Operations

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

4. Net Sales

CHF m	JAN - JUNE, 2010	1. HALF 2009
Sales to third parties	143.4	157.5
Sales to related parties	5.0	4.9
Total	148.4	162.4

Sales by region

	JAN - JUNE, 2010		1. HALF 2009	
	CHF m	%	CHF m	%
Germany	71.2	48.0%	83.7	51.5%
Italy	10.5	7.1%	10.7	6.6%
Switzerland	4.5	3.1%	6.4	4.0%
Rest of Europe	26.2	17.6%	29.8	18.4%
Total Europe	112.4	75.8%	130.6	80.5%
Latin-America	28.8	19.4%	24.9	15.3%
Other countries	7.2	4.8%	6.9	4.2%
Total	148.4	100.0%	162.4	100.0%

5. Review of Performance

A long-term agreement concerning the distribution of gluing and correcting products under the Henkel brand "Pritt" in Germany, Austria and Switzerland has been terminated effective September 2009. Also distribution cooperations with Faber-Castell in Belgium and Poland have been ended at the beginning of this year. This as well as the economic downturn in the European market had a main impact on the decrease of net sales to CHF148.4 million from CHF162.4 million in the previous year's corresponding period. In addition, the strengthening of the Swiss Franc ("CHF") against the Group's major trade currencies such as Euro has resulted in lower translation of revenues into the reporting currency.

The lower gross margin resulting from the reduced sales volume could not fully be compensated by fix cost reductions. Consequently, the operating results decreased to CHF1.2 million in the current period after CHF4.5 million in the first half of year 2009.

6. Outlook

In March 2010, the Group's parent company, Pelikan International Corporation Berhad completed the acquisition of Herlitz AG. With the completion of this acquisition, the parent company is currently concentrating on post merger efforts to deliver synergies and common cost savings from the combined business. Consequently, the Group expects cost savings in its operations especially in logistic services in the coming financial year.

After the "back to school" season in Europe which records higher sales in mid year, the Group has to expect lower sales in the second half year 2010. Together with the impact from the weakening of the Euro currency, the Group anticipates the sales of total year 2010 will be lower than previous year.

The Group is striving to explore into new markets in order to expand the sales and profitability of the Group. Albeit most of the remaining European economies are still in recession, any turnaround will positively contribute to the improvement of the Group's turnover.

Zurich, September 2010