



PELIKAN HOLDING AG

2016 ANNUAL REPORT

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REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

Pelikan Holding AG recognized a small loss of CHF 0.25 million after the profit of CHF 33.5 million in 2015. While 2015 was a year with many changes in Pelikan Holding AG Group, 2016 shows the result after the restructuring within the Group. The remaining investments show a stable development with room to improvement in near future.

The main investment Pelikan AG Group will keep to their goal to form a cohesive and focused core organisation with a clear business structure to further develop its stationery businesses and improve sales performance going forward. Pelikan Holding AG will participate in the future growth of Pelikan AG Group. The focus of Pelikan AG Group is to improve margins with better product offerings, to increase market shares in core European markets, and to grow revenue, brand awareness and product assortments in other potential markets in the Latin American and Asian regions.

By focusing on the markets and product ranges that give the Group the best growth potential in terms of sales, profitability and market shares, the Group is able to focus on growth and a strong profitability. The management is convinced that research and development (“R&D”) is of high priority to improve our product and marketing innovation. Again the efforts paid into R&D paid on in various rewards. The “stola III” fountain pen and ballpoint pen were honoured with the renowned German Design Award 2017 in the category “Excellent product design”. The German Design Award is one of the world’s highest-profile design competitions. The Souverän M600 Pink was awarded with the “Trophee du Stylo Feminin” at the Trophées du Stylographe 2016 award presented by the well-known French magazine Le Stylographe.

Since 2015, Pelikan Holding AG makes use of the exemptions of article 963a OR and will not prepare consolidated financial statements for Pelikan Holding AG Group anymore. The annual financial statements of its main investment in Pelikan AG Group, Berlin and its parent company Pelikan International Corporation Berhad are both published publicly.

The board of directors would like to take the opportunity to thank the management and all employees for their passion, commitment, tireless efforts and unwavering dedication towards the Group in driving the brands, developing the products, pushing the promotional activities and delivering the best solutions for our customers. The Group thanks our fans, shareholders, investors, business associates and all other stakeholders for their endless support to the Brand and Group.

On behalf of the Board of Directors



Loo Hooi Keat
24 March 2017

Pelikan Holding AG, Feusisberg

**Financial Statements
2016**

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

	Note	2016 CHF(000)	2015 CHF(000)
Income from investments		-	319
Administration expenses	2	(192)	(2,439)
Exchange differences		115	(363)
Interest income		623	796
Interest expense		(979)	(932)
Extraordinary income	3	1,101	95,895
Extraordinary expenses	4	(915)	(55,450)
Result before taxation		(247)	37,826
Taxes	5	(4)	(4,368)
Net result for the year		(251)	33,458

BALANCE SHEET AS AT 31 DECEMBER

	Note	2016 CHF(000)	2015 CHF(000)
ASSETS			
Current assets			
Bank		537	95
Receivables from subsidiary companies	6	6,373	13,182
Receivables from parent and its related companies		-	146
Other receivables		-	-
		6,910	13,423
Non-current assets			
Loans receivable from subsidiary companies	7	6,442	6,496
Investments	8	116,331	116,331
		122,773	122,827
TOTAL ASSETS		129,683	136,250
EQUITY AND LIABILITIES			
Current liabilities			
Interest-bearing payables to subsidiary companies	9	23,675	26,293
Non-interest-bearing payables to subsidiary companies	10	2	807
Interest-bearing payables to parent	11	-	2,522
Other liabilities to third parties		88	228
Short term provision		4,016	4,016
Tax provision		4,362	-
		32,143	33,866
Non-current liabilities			
Interest-bearing payables to parent	11	21,328	21,556
Non-interest-bearing payables to parent	11	-	3
Tax provision		-	4,362
		21,328	25,921
Shareholders' equity			
Capital stock	12	100,100	100,100
Statutory reserves	13	1,166	1,166
Accumulated deficit		(25,054)	(24,803)
		76,212	76,463
TOTAL EQUITY AND LIABILITIES		129,683	136,250

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

<u>CHF (000)</u>	<u>Capital stock</u>	<u>Statutory reserves</u>	<u>Accumulated deficit</u>	<u>Total equity</u>
Balance 1 Jan. 2015	100,100	13,452	(58,261)	55,291
Release revaluation reserves	-	(12,286)	-	(12,286)
Result 2015	-	-	33,458	33,458
Balance 31 Dec. 2015	100,100	1,166	(24,803)	76,463
Result 2016	-	-	(251)	(251)
Balance 31 Dec. 2016	100,100	1,166	(25,054)	76,212

NOTES TO THE FINANCIAL STATEMENTS 2016

1. Accounting policies and other information

Pelikan Holding AG is preparing its financial statements according to Swiss law especially the articles 957 to 962 OR. The changes in Swiss law were adapted in 2015 for the first time, the financials of prior year were adjusted where necessary for comparison reasons.

Pelikan Holding AG is not preparing consolidated financial statements anymore. Pelikan Holding AG uses the exemptions of article 963a OR and is referring to the annual financial statements of its parent Pelikan International Corporation Berhad, Malaysia.

Furthermore, Pelikan Holding AG is preparing its financial statements with the exemptions of article 961d OR because the parent company Pelikan International Corporation Berhad prepares its consolidated financial statements in accordance with an accepted accounting standard (IFRS).

Pelikan Holding AG is an Aktiengesellschaft with its domicile in Feusisberg. Pelikan Holding AG has no direct employees.

2. Administration expenses

CHF (000)	2016	2015
Cost coverage for a subsidiary	-	1,814
Charges from subsidiaries	143	452
Audit Fees / Legal and consulting charges	41	140
Other	8	33
Total	192	2,439

Cost coverage for a subsidiary are costs taken-over for restructuring of Pelikan Vertriebsgesellschaft mbH & Co.KG after the completion of the integration of Herlitz business in Germany and Austria in 2015.

3. Extraordinary income

CHF (000)	2016	2015
Reversal of Cost coverage for a subsidiary	869	-
Gain from liquidation of a subsidiary	232	-
Gain from contribution in kind	-	95,895
Total	1,101	95,895

4. Extraordinary expenses

CHF (000)	2016	2015
Value adjustment for loan to subsidiaries	619	329
Value adjustment for waiver of loan to subsidiaries	296	260
Impairment of investments	-	46,358
Value adjustment for waiver of loan with debt warrant to a subsidiary	-	7,420
Provision for guarantee granted to a subsidiary	-	1,083
Total	<u>915</u>	<u>55,450</u>

5. Taxes

CHF (000)	2016	2015
Corporate tax	-	4,238
Other	4	130
Total	<u>4</u>	<u>4,368</u>

Corporate tax expense is referring to a tax provision after the contribution in kind of Pelikan Vertriebsgesellschaft mbH & Co.KG into Pelikan AG.

6. Short-term receivables from subsidiary companies

CHF (000)	2016	2015
Pelikan Hardcopy Distribution GmbH & Co. KG	2,694	-
ReMerch GmbH	1,970	-
Pelikan Nederlands B.V.	820	1,206
Pelikan Austria GesmbH	756	746
Pelikan AG Group	133	11,230
Total	<u>6,373</u>	<u>13,182</u>

7. Long-term receivables from subsidiary companies

CHF (000)	2016	2015
Pelikan AG Group	6,442	6,496
Total	<u>6,442</u>	<u>6,496</u>

8. Investments

Country and location	Name		Capital stock in 1000	Group Holding in %	thereof directly held by Pelikan Holding AG in %	Operation
EUROPE						
Austria						
Wiener Neudorf	Pelikan Austria GesmbH	EUR	872	100	100	D
France						
Les Ulis	Pelikan France SAS	EUR	250	100	100	D
Germany						
Berlin	Pelikan AG	EUR	242,257	51.4	50.9	H
Brilon	Linea GmbH (formerly Geha GmbH)	EUR	237	100	90	O
Hanover	Kreuzer Produktion + Vertrieb GmbH	EUR	26	20	0	O
Hanover	Pelikan GmbH	EUR	7,670	100	0	S
Hanover	Pelikan Hardcopy Distribution Verwaltung GmbH	EUR	25	100	100	O
Hanover	Pelikan Hardcopy Distribution GmbH & Co. KG	EUR	100	100	100	D
Hanover	Pelikan PBS-Produktion Verwaltungs- GmbH	EUR	26	100	100	O
Hanover	Pelikan PBS-Produktionsgesellschaft mbH & Co. KG	EUR	1,100	100	100	P
Hanover	ReMerch GmbH	EUR	95	100	100	S
Greece						
Markopoulo-Attica	Pelikan Hellas E.P.E.	EUR	497	100	95	D
Netherlands						
Rotterdam	Pelikan Nederland B.V.	EUR	3,630	100	100	S
Spain						
Lliçà del Vall	Pelikan S.A.	EUR	1,000	100	0	D
LATIN-AMERICA						
Costa Rica						
San Jose	Pelikan Costa Rica S.A.	COL	150,059	100	100	O
Venezuela						
Caracas	Artof C.A.	VEB	50,020	25	25	O
OTHER COUNTRIES						
Malaysia						
Shah Alam	Pelikan Asia Sdn. Bhd.	MYR	10,500	100	100	D
Turkey						
Istanbul	Pelikan Ofis Ve Kirtasiye Malzemeleri Ticaret Ltd Sirketi	TRY	100	60	60	D
USA						
Nashville, TN	Pelikan, Inc.	USD	7,633	100	100	O

8. Investments (contd.)

Operation:

P = Production companies

D = Distribution companies

S = Service/Real estate companies

H = Holding companies

O = Companies without operational activity

The subsidiary Pelikan Nordic AB has been liquidated at 29 December 2016.

Pelikan Holding AG, Feusisberg

8. Investments (contd.)

Pelikan AG, Berlin is listed at the German stock exchange and the indirect investments via this subsidiary are included in the following table.

Country and location	Name		Capital stock in 1000	Pelikan Holding AG Group Holding in %	thereof directly held by Pelikan Holding AG in %
Germany					
Berlin	Convex Schreibwaren-Handels GmbH	EUR	26	51.4	0
Falkensee	eCom Logistik GmbH & Co. KG	EUR	250	51.4	0
Falkensee	eCom Logistik Verwaltungs GmbH	EUR	25	51.4	0
Falkensee	Herlitz Papierverarbeitungs GmbH	EUR	25	51.4	0
Berlin	Mercoline GmbH	EUR	1,000	51.4	0
Falkensee	POS Servicegesellschaft mbH	EUR	25	51.4	0
Hanover	Pelikan Vertriebsgesellschaft mbH & Co. KG	EUR	2,100	51.4	0
Hanover	Pelikan Vertrieb Verwaltungs GmbH	EUR	26	51.4	0
Belgium					
Groot-Bijgaarden	Pelikan N.V./S.A.	EUR	837	51.4	0
Bulgaria					
Sofia	Herlitz Bulgaria EooD	BGN	5	51.4	0
Czech Republic					
Cestlice	Herlitz Spol. s.r.o.	CZK	200	51.4	0
Hungaria					
Budapest	Herlitz Hungaria Kft	HUF	3,000	51.4	0
Italy					
Milan	Pelikan Italia S.p.A.	EUR	1,560	51.4	0
Poland					
Przemierowo	Herlitz Spolka z o.o.	PLN	20,547	51.4	0
Romania					
Targu Mures	Herlitz Romania srl	RON	462	26.2	0
Slovakia					
Bratislava	Herlitz Slovakia s.r.o.	EUR	199	51.4	0
Switzerland					
Feusisberg	Pelikan (Schweiz) AG	CHF	500	51.4	0
LATIN-AMERICA					
Argentina					
Buenos Aires	Pelikan Argentina S.A.	ARS	13,780	51.4	0
Colombia					
Bogota	Pelikan Colombia S.A.S.	COP	15,487,749	51.4	0
Mexico					
Puebla	Pelikan Mexico S.A.	MXP	20,120	51.4	0
OTHER COUNTRIES					
Japan					
Tokyo	Pelikan Japan K.K.	JPY	100,000	51.4	0
United Arab Emirates					
Sharjah	Pelikan Middle East FZE	USD	501	51.4	0
Taiwan					
Taipeh	Pelikan Taiwan Co. LTD	TWD	2,500	51.4	0

9. Interest-bearing payables to subsidiary companies

CHF (000)	2016	2015
Pelikan PBS Produktionsgesellschaft mbH & Co.KG	15,571	15,388
Pelikan AG Group	7,342	10,435
Pelikan GmbH	550	-
Pelikan Ofis Ve Kirtasiye Malzemeleri Ticaret Ltd Sirketi	212	209
Pelikan Nordic AB	-	261
Total	23,675	26,293

10. Non-interest-bearing payables to subsidiary companies

CHF (000)	2016	2015
Pelikan AG Group	2	297
Pelikan GmbH	-	413
ReMerch GmbH	-	97
Total	2	807

11. Payables to parent

At the end of 2016 and 2015, these are payables to the parent, Pelikan International Corporation Berhad.

12. Capital stock

At 31 December 2016, 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

13. Statutory reserves

End of 2014, statutory reserves include a revaluation reserve in an amount of CHF 12.3 million which relates to the revaluation of the investments that exceeds the original acquisition costs. This reserve is reversed in 2015 due to the contribution in kind of several investments into Pelikan AG, Berlin, Germany.

Statutory reserves are not distributable to shareholders.

14. Contingent liabilities/ Guarantees

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 8.8 million (2015: CHF 9.9 million).

15. Events after the balance sheet date

These statutory financial statements were approved by the Board of Directors on 24 March 2017.

No other significant events have occurred since the balance sheet date and up to 24 March 2017, which could have an impact on these financial statements or which are required to be disclosed.

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE TREATMENT OF ACCUMULATED DEFICIT AS OF 31 DECEMBER 2016

<u>CHF (000)</u>	<u>2016</u>	<u>2015</u>
Accumulated deficit at 1 January	(24,803)	(58,261)
Net result for the year	(251)	33,458
Accumulated deficit at 31 December to be carried forward	(25,054)	(24,803)

Report of the statutory auditor on the limited statutory examination
to the general shareholders' meeting of

Pelikan Holding AG, Feusisberg

As statutory auditor, we have examined the financial statements of Pelikan Holding AG, which comprise the balance sheet as at 31 December 2016, and the income statement, the statement of changes in equity and notes (page 4-14) for the financial year then ended.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of accumulated deficit do not comply with Swiss law and the company's articles of incorporation.

Zurich, 24 March 2017

BDO Ltd



Reto Frey

Auditor in Charge
Licensed Audit Expert



Guido Schwengeler

Licensed Audit Expert

INSTITUTIONS / MANAGEMENT as at 31 December 2016

Board of Directors

Loo Hooi Keat

President

Selangor Darul Ehsan / Malaysia

Frauke Wandrey

Vice-President

Hanover / Germany

Ho Ming Hon

Member

Selangor Darul Ehsan / Malaysia

Secretary of the Board of Directors

Frauke Wandrey

Hanover / Germany

Auditors

BDO Ltd

Zurich / Switzerland

Management

Loo Hooi Keat

Selangor Darul Ehsan / Malaysia

Frauke Wandrey

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