



PELIKAN HOLDING AG

2017 ANNUAL REPORT

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REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

In 2017, Pelikan Holding AG recognized a loss of CHF 6.9 million after the smaller loss of CHF 0.25 million in 2016. The last year's result was mainly influenced by equity measures for some investments in Germany and by foreign exchange losses.

Further restructuring measures within Pelikan Holding AG Group will help to improve the results in future. During 2017 Pelikan Holding AG worked on the streamlining of its investments to further focus on the main investment in Pelikan Group GmbH (formerly Pelikan AG). Pelikan AG was renamed after change in legal form in Pelikan Group GmbH in December 2017 following the successful delisting of Pelikan AG. After the reorganisation Pelikan Group GmbH will take efforts to work on a leaner structure that will help to improve the results in future.

Also in December 2017, Pelikan Holding AG successfully transferred its investment in Pelikan S.A. (Spain) into Pelikan Group GmbH to further consolidate the European sales activities under the umbrella of Pelikan Group GmbH. After the successful integration of several other Pelikan Sales entities into Pelikan Group GmbH, the transfer of Pelikan S.A. is the next step to form a Group that has sales activities all over Europe. Pelikan Holding AG Group with its other investments will continue to concentrate in the production of stationary products and fine writing instruments.

Following its strategy to focus on the stationary business, Pelikan Group GmbH as the main investment of Pelikan Holding AG, could realize a stable sales performance during the last year. On the short-term Pelikan Holding AG can participate from the results of Pelikan Group GmbH that will help to reorganise the financing of Pelikan Holding AG.

The board of directors would like to thank our dedicated staff and management for their commitment, determination and teamwork. Our path towards growth and progress will not be possible without the strong partnerships with our customers, business associates, employees, investors and suppliers, as well as the continuous support from our shareholders.

On behalf of the Board of Directors



Loo Hooi Keat
23 March 2018

Pelikan Holding AG, Feusisberg

**Financial Statements
2017**

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

	Note	2017 CHF(000)	2016 CHF(000)
Income from investments		111	-
Administration expenses	2	(104)	(192)
Exchange differences		(896)	115
Interest income		233	623
Interest expense		(917)	(979)
Extraordinary income	3	44	1,101
Extraordinary expenses	4	(5,324)	(915)
Result before taxation		(6,853)	(247)
Taxes	5	(7)	(4)
Net result for the year		(6,860)	(251)

BALANCE SHEET AS AT 31 DECEMBER

	Note	2017 CHF(000)	2016 CHF(000)
ASSETS			
Current assets			
Bank		7	537
Receivables from subsidiary companies	6	5,791	6,373
		5,798	6,910
Non-current assets			
Loans receivable from subsidiary companies	7	-	6,442
Investments	8	116,331	116,331
		116,331	122,773
TOTAL ASSETS		122,129	129,683
EQUITY AND LIABILITIES			
Current liabilities			
Interest-bearing payables to subsidiary companies	9	22,586	23,675
Non-interest-bearing payables to subsidiary companies	10	-	2
Other liabilities to third parties		15	88
Short term provision		4,016	4,016
Tax provision		4,362	4,362
		30,979	32,143
Non-current liabilities			
Interest-bearing payables to parent	11	21,798	21,328
		21,798	21,328
Shareholders' equity			
Capital stock	12	100,100	100,100
Statutory reserves	13	1,166	1,166
Accumulated deficit		(31,914)	(25,054)
		69,352	76,212
TOTAL EQUITY AND LIABILITIES		122,129	129,683

**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. 2016	100,100	1,166	(24,803)	76,463
Result 2016	-	-	(251)	(251)
Balance 31 Dec. 2016	100,100	1,166	(25,054)	76,212
Result 2017	-	-	(6,860)	(6,860)
Balance 31 Dec. 2017	100,100	1,166	(31,914)	69,352

NOTES TO THE FINANCIAL STATEMENTS 2017

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.

Pelikan Holding AG is not preparing consolidated financial statements. 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)	2017	2016
Charges from subsidiaries	41	143
Audit Fees / Legal and consulting charges	29	41
Other	34	8
Total	104	192

3. Extraordinary income

CHF (000)	2017	2016
Reversal of provision	40	-
Gain from liquidation of a subsidiary	4	232
Reversal of Cost coverage for a subsidiary	-	869
Total	44	1,101

4. Extraordinary expenses

CHF (000)	2017	2016
Value adjustment for loan to subsidiaries	2,648	619
Value adjustment for loan to related parties	1,934	-
Value adjustment for waiver of loan with debt warrant to a subsidiary	742	-
Value adjustment for waiver of loan to subsidiaries	-	296
Total	5,324	915

5. Taxes

CHF (000)	2017	2016
Holding tax	7	4
Total	7	4

6. Short-term receivables from subsidiary companies

CHF (000)	2017	2016
Pelikan Group GmbH and its subsidiaries	3,593	133
Pelikan Nederlands B.V.	1,243	820
Pelikan Austria GesmbH	842	756
ReMerch GmbH	113	1,970
Pelikan Hardcopy Distribution GmbH & Co. KG	-	2,694
Total	5,791	6,373

7. Long-term receivables from subsidiary companies

CHF (000)	2017	2016
Pelikan Group GmbH and its subsidiaries	-	6,442
Total	-	6,442

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 Group GmbH (former Pelikan AG)	EUR	242,257	51.4	50.9	H
Brilon	Linea 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
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

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 on 29 December 2016 and the subsidiary Pelikan Inc. has been liquidated on 03 February 2017.

On 29 December 2017, the subsidiary Pelikan S.A. in Spain has been transferred to the subsidiary Pelikan Group GmbH in Germany (former Pelikan Aktiengesellschaft).

The subsidiary Pelikan Group GmbH sold its 100% investment in POS Servicegesellschaft mbH with effective date 31 May 2017.

8. Investments (contd.)

The indirect investments via the subsidiary Pelikan Group GmbH, Berlin (former Pelikan AG) 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
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
Spain				
Lliçà del Vall	Pelikan S.A.	EUR 60	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
Malaysia				
Shah Alam	Pelikan Procurement SDN BHD	MYR 0	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)	2017	2016
Pelikan PBS Produktionsgesellschaft mbH & Co.KG	18,070	15,571
Pelikan Group GmbH and its subsidiaries	4,121	7,342
Pelikan GmbH	229	550
Pelikan Ofis Ve Kirtasiye Malzemeleri Ticaret Ltd Sirketi	166	212
Total	22,586	23,675

10. Non-interest-bearing payables to subsidiary companies

CHF (000)	2017	2016
Pelikan Group GmbH (Group)	-	2
Total	-	2

11. Payables to parent

At the end of 2017 and 2016, these are payables to the parent, Pelikan International Corporation Berhad.

12. Capital stock

At 31 December 2017, 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

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 2.5 million (2016: CHF 8.8 million).

15. Events after the balance sheet date

These statutory financial statements were approved by the Board of Directors on 23 March 2018.

No other significant events have occurred since the balance sheet date and up to 23 March 2018, which could have an impact on these 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 31 DECEMBER 2017

<u>CHF (000)</u>	<u>2017</u>	<u>2016</u>
Accumulated deficit at 1 January	(25,054)	(24,803)
Net result for the year	(6,860)	(251)
Accumulated deficit at 31 December to be carried forward	<u>(31,914)</u>	<u>(25,054)</u>

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 2017, and the income statement, the statement of changes in equity and notes (page 4-13) 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, 23 March 2018

BDO Ltd



Reto Frey

Auditor in Charge
Licensed Audit Expert



Guido Schwengeler

Licensed Audit Expert

INSTITUTIONS / MANAGEMENT as at 31 December 2017

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

Hanover / Germany

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