



PELIKAN HOLDING AG

2018 ANNUAL REPORT

CONTENTS

	<u>Page</u>
Report of the Board of Directors	2
Pelikan Holding AG, Feusisberg Financial Statements 2018	
Income Statement	4
Balance Sheet	5
Statement of Changes in Equity	6
Notes to Financial Statements	7 – 12
Proposal of the Board of Directors for the Treatment of Accumulated Deficit	13
Report of the Statutory Auditor to the General Meeting	14
Institutions / Management / Address	15

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

The results of Pelikan Holding AG for the current year was less influenced by its investments in subsidiaries related to the printer consumable business which was disposed last year in June 2017.

The business of its main investment in Pelikan Group GmbH was affected by the negative developments in Latin America region and slower sales offtake in Asia and Middle East region. Nevertheless, the Board believes that these are temporary setbacks due to the local geopolitical developments and the markets will regain in short-term. Efforts are still being focused to develop more innovative and competitive products for the markets and also to improve production/sourcing efficiency and improve margins with the right product mix for each core market.

The year 2018 was marked with our 180th year anniversary as the entire Pelikan Group celebrated the Pelikan brand's official founding date on 28th April 1838. For generations, Pelikan products have helped to create highly personal moments in people's lives: a child's first drawing, the first attempt to write at school, or the first signing of an important contract. Pelikan makes all possible! Pelikan was and remains an integral part of these experiences and accompanies people throughout their lives. Today Pelikan continues to place great emphasis on its products focussing on designs, innovation and development to better enhance user experiences and provide products that fulfil customers' needs.

The board of directors would like to thank our entire workforce for their strong commitment, non-stop efforts, and endless passion for the brand and company as we pass our 180th year mark. We express our appreciation and gratitude for the trust and support given by our steadfast partners, be it our customers, business associates, investors, suppliers, employees and shareholders, all of whom have been the advocates and encouragement we need in order to achieve our milestones.

On behalf of the Board of Directors



Loo Hooi Keat
10 May 2019

Pelikan Holding AG, Feusisberg

**Financial Statements
2018**

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

	Note	2018 CHF(000)	2017 CHF(000)
Income from investments		-	111
Administration expenses	2	(117)	(104)
Exchange differences		613	(896)
Interest income		96	233
Interest expense		(890)	(917)
Extraordinary income	3	3,779	44
Extraordinary expenses	4	(3,751)	(5,324)
Result before taxation		(270)	(6,853)
Taxes	5	(6)	(7)
Net result for the year		(276)	(6,860)

BALANCE SHEET AS AT 31 DECEMBER

	Note	2018 CHF(000)	2017 CHF(000)
ASSETS			
Current assets			
Bank		3	7
Receivables from subsidiary companies	6	5,576	5,791
		<u>5,579</u>	<u>5,798</u>
Non-current assets			
Investments	7	116,331	116,331
		<u>116,331</u>	<u>116,331</u>
TOTAL ASSETS		<u>121,910</u>	<u>122,129</u>
EQUITY AND LIABILITIES			
Current liabilities			
Interest-bearing payables to subsidiary companies	8	27,022	22,586
Other liabilities to third parties		40	15
Short term provision		2,172	4,016
Tax provision		4,362	4,362
		<u>33,596</u>	<u>30,979</u>
Non-current liabilities			
Interest-bearing payables to parent	9	19,238	21,798
		<u>19,238</u>	<u>21,798</u>
Shareholders' equity			
Capital stock	10	100,100	100,100
Statutory reserves	11	1,166	1,166
Accumulated deficit		(32,190)	(31,914)
		<u>69,076</u>	<u>69,352</u>
TOTAL EQUITY AND LIABILITIES		<u>121,910</u>	<u>122,129</u>

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

CHF (000)	Capital stock	Statutory reserves	Accumulated deficit	Total equity
Balance 1 Jan. 2017	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
Result 2018	-	-	(276)	(276)
Balance 31 Dec. 2018	100,100	1,166	(32,190)	69,076

NOTES TO THE FINANCIAL STATEMENTS 2018

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)	2018	2017
Charges from subsidiaries	40	41
Audit Fees / Legal and consulting charges	46	29
Other	31	34
Total	117	104

3. Extraordinary income

CHF (000)	2018	2017
Reversal of value adjustment for subsidiaries	1,934	-
Reversal of provision	1,845	40
Gain from liquidation of a subsidiary	-	4
Total	3,779	44

4. Extraordinary expenses

CHF (000)	2018	2017
Value adjustment for waiver of loan with debt warrant to a subsidiary	2,021	742
Value adjustment for waiver of loan to subsidiaries	1,730	-
Value adjustment for loan to subsidiaries	-	2,648
Value adjustment for loan to related parties	-	1,934
Total	3,751	5,324

5. Taxes

CHF (000)	2018	2017
Holding tax	6	7
Total	6	7

6. Short-term receivables from subsidiary companies

CHF (000)	2018	2017
Pelikan Group GmbH and its subsidiaries	3,499	3,593
Pelikan Nederland B.V.	1,220	1,243
Pelikan Austria GesmbH	856	842
ReMerch GmbH	1	113
Total	5,576	5,791

7. 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	100	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

7. 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 Group GmbH sold its 100% investment in Mercoline GmbH with effective date 31 May 2018.

The subsidiary Herlitz Papierverarbeitungs GmbH, which has not engaged in operational activity for some time, was merged with Pelikan Group GmbH effective as of 1 January 2018.

Pelikan Group GmbH withdrew as a limited partner in eCom Logistik GmbH & Co. KG effective as of 30 September 2018. As a result of that withdrawal, the general partner, eCom Logistik Verwaltungs GmbH, took over the business of eCom Logistik GmbH & Co. KG, including all assets and liabilities, from that date (accretion). eCom Logistik GmbH & Co. KG was thereby dissolved and ceased to exist without being liquidated. As of 1 October 2018, it no longer belonged to the group of consolidated companies. eCom Logistik Verwaltungs GmbH therefore took over its business operation.

7. Investments (contd.)

The indirect investments via the subsidiary Pelikan Group GmbH, Berlin 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 Verwaltungs GmbH	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				
Przezmierowo	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 30,000	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 1,000	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

Pelikan Holding AG, Feusisberg

8. Interest-bearing payables to subsidiary companies

CHF (000)	2018	2017
Pelikan PBS Produktionsgesellschaft mbH & Co.KG	19,799	18,070
Pelikan Group GmbH and its subsidiaries	6,834	4,121
Pelikan GmbH	225	229
Pelikan Ofis Ve Kirtasiye Malzemeleri Ticaret Ltd Sirketi	164	166
Total	27,022	22,586

9. Payables to parent

At the end of 2018 and 2017, these are payables to the parent, Pelikan International Corporation Berhad.

10. Capital stock

At 31 December 2018, 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

11. Statutory reserves

Statutory reserves are not distributable to shareholders.

12. 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 2.4 million (2017: CHF 2.5 million).

13. Events after the balance sheet date

These statutory financial statements were approved by the Board of Directors on 10 May 2019.

No other significant events have occurred since the balance sheet date and up to 10 May 2019, 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 2018

<u>CHF (000)</u>	<u>2018</u>	<u>2017</u>
Accumulated deficit at 1 January	(31,914)	(25,054)
Net result for the year	(276)	(6,860)
Accumulated deficit at 31 December to be carried forward	(32,190)	(31,914)

**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 2018, 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.

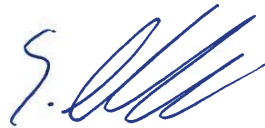
Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of accumulated deficit do not comply with Swiss law and the company's articles of incorporation.

Zurich, 10 May 2019

BDO Ltd



Reto Frey
Auditor in Charge
Licensed Audit Expert



Guido Schwengeler
Licensed Audit Expert

INSTITUTIONS / MANAGEMENT as at 31 December 2018

Board of Directors

Loo Hooi Keat

President

Selangor Darul Ehsan / Malaysia

Ho Ming Hon

Vice-President

Selangor Darul Ehsan / Malaysia

Secretary of the Board of Directors

Ho Ming Hon

Selangor Darul Ehsan / Malaysia

Auditors

BDO Ltd

Zurich / Switzerland

Management

Loo Hooi Keat

Selangor Darul Ehsan / Malaysia

Ho Ming Hon

Selangor Darul Ehsan / Malaysia

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