Half-Year Report 2012

DKSH

Think Asia. Think DKSH.

DKSH at a glance

As the No. 1 provider of Market Expansion Services with a focus on Asia, we help companies to grow their business in new and existing markets.

Our Business Units

Our Business Units focus on the fields of consumer goods, healthcare, performance materials, and technology and offer a comprehensive range of Market Expansion Services to business partners, clients and customers alike, in their respective areas.

Consumer Goods

Focusing on fast moving consumer goods, food services, hotel supplies, and luxury and lifestyle products, our services range from product feasibility studies and sales and marketing to physical distribution.

Healthcare

With a product range covering ethical pharmaceuticals, consumer health and over-the-counter health products, as well as medical devices, we offer services including product registration, marketing and sales, and physical distribution.

Performance Materials

We source, develop, market, and distribute a wide range of specialty chemicals and food ingredients for the specialty chemicals, food and beverage, pharmaceutical, and personal care industries.

Technology

We provide marketing and sales as well as application engineering and after-sales services for capital investment goods and analytical instruments in the areas of industry, infrastructure, energy, research, food and beverage, as well as advanced metals.

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Letter to shareholders

Adrian T. Keller, Chairman, and
Dr. Joerg Wolle, President & CEO, DKSH Group.

Dear Shareholders,

We are pleased to report for the first time as a public company DKSH's half-year results 2012 and to provide you with an update of our first six months' performance.

With our strong 2012 half-year results, we are proud to say that we have delivered on our promise to achieve sustainable profitable growth and confirmed the positive track record of DKSH over the past decade. Compared to first half 2011, we recorded a significant increase of 23.0% in EBIT to CHF 127 million, lifting our profit after tax by 23.6% to CHF 81 million. Net sales increased by 16.0% reaching CHF 4.2 billion. This marks the best half-year in our history. Earnings per share amounted to CHF 1.24 and the return on equity (ROE) reached 15.0%.

Our continued growth demonstrates the soundness of our business model and is the result of the consistent implementation of our strategy for sustainable profitable growth. We have grown organically through expanding business with existing clients, multiplying success stories from country to country, new business development, and complemented by bolt-on acquisitions in strategic areas. In June 2012, we announced the acquisition of the leading Australian specialty cables distributor ElectCables, expanding Business Unit Technology's footprint in Australia and strengthening our position as the leading provider of Market Expansion Services for capital investment goods and analytical instruments. Shortly after, in July, DKSH took over the long-established German-Japanese trading firm of Clay and Company Limited to reinforce our technology and lifestyle business in Japan. These moves follow on successful and value-adding acquisitions and integrations in previous years of smaller, traditional trading houses of European origin focused on Asia, such as Desco von Schulthess, Hagemeyer Cosa Liebermann, or East Asiatic Company (Malaysia), and confirm DKSH's position as the industry consolidator in the fast growing but very fragmented Market Expansion Services industry.

DKSH offers an extensive range of products and services supported by unrivalled pan-Asian networks, deep, long-term relationships with clients and customers, plus in-depth knowledge of industries and local markets. Our footprint, coupled with our unmatched infrastructure and logistics, enables us to deliver highly effective Market Expansion Services at a local level. We can provide companies seeking to grow in Asia with a comprehensive portfolio of integrated and tailor-made services from sourcing, marketing and sales to distribution, logistics, and after-sales services.

Formed in 2002 through the merger of long-established Swiss trading houses Diethelm Keller Services Asia and SiberHegner, DKSH has successfully transformed from a trading company into the leader in the newly defined industry of Market Expansion Services, with a focus on Asia.

Our Initial Public Offering (IPO) in March 2012 was the culmination of our transformation process, setting another important milestone in the Group's nearly 150 years of history. Our investment case was well received by institutional and retail investors, and seen by the financial community as an investment into the fast growing Asian markets backed by Swiss corporate governance. All key shareholders are committed to continue playing an instrumental role in supporting DKSH's development over the long term.

All four Business Units developed positively in the first six months and contributed to the strong financial performance. This is attributed to the successful implementation of our strategy for sustainable profitable growth across all regions and business, which is based on the successful expansion of existing business partnerships, winning new clients and customers, upgrading our service portfolio plus the ongoing improvement in operational efficiency.

With total assets of CHF 3.2 billion, total equity of CHF 1.1 billion and low net debt, DKSH's balance sheet remains extremely solid and very conservatively financed. Return on net operating capital (RONOC) is 22.1% and is a consequence of our efficient net operating capital (NOC) management.

As European and US markets continue facing challenges, western companies are seeking opportunities to expand into new markets, and there is growing demand for market entries into Asia, given the sustainably high growth rates in this region. The rapid growth of the Asian economies is driven by their emerging middle classes with increased purchasing power and a healthy and growing appetite for quality consumer, healthcare, as well as luxury and lifestyle products. Asia is no longer simply the extended "workbench" of the West – it is developing into a continent with strong domestic markets. This in turn also creates the need to improve local infrastructure and develop local industries, driving the demand for industrial products such as machinery, semi-finished products and raw materials.

Asian growth is further supported by economic integration plans such as the AEC (ASEAN Economic Community), aiming to improve cooperation and trade among ASEAN members, and the easing of sanctions on Myanmar. Such developments are expected to accelerate the growth of the emerging South East Asian markets and create more opportunities in the region, leading to increased inner-Asian trade. Today, the majority of manufacturers of the products DKSH distributes are still from Europe and the Americas. But a growing number are now also coming from Asia.

Another growth driver for Market Expansion Services is the increasing shift in the focus of companies, large and small, on their core competencies. To optimize resources, many companies are focusing on core capabilities such as R&D, global marketing, and manufacturing, while outsourcing other elements of the value chain to specialized and trusted partners like DKSH.

With Asia at the center of global trade flows and strong inner-Asian business growth, DKSH is optimally positioned to benefit from these multiple growth drivers as the leading Market Expansion Services provider with a focus on Asia. Based on our current market assumptions, we are very confident that we will be able to achieve another record year in 2012 with double-digit profit growth.

Sincerely yours,

Adrian T. Keller
Chairman

Dr. Joerg Wolle
President & CEO

Key figures

Consolidated income statement

in CHF millions	January – June 2012	January – June 2011
Net sales	4,172.2	3,597.9
Operating profit (EBIT)	126.8	103.1
Profit after tax	80.7	65.3
EBIT margin (in %)	3.0	2.9

Consolidated statement of financial position

in CHF millions	June 30, 2012	December 31, 2011
Total assets	3,214.6	3,068.1
Equity attributable to the shareholders of the Group	1,047.0	995.5
Net operating capital (NOC)	1,222.3	1,075.1
Net debt	172.4	78.0
Return on net operating capital (RONOC) (in %)	22.1	24.5
Return on equity (ROE) (in %)	15.0	14.8

Shares

in CHF	January – June 2012	January – June 2011
Basic earnings per common share	1.24	1.06
Diluted earnings per common share	1.22	1.04
Share price (end of period)	52.00	–
Market capitalization (end of period in CHF millions)	3,302.0	–

Others

	June 30, 2012	December 31, 2011
Specialists	25,947	24,342

Management's discussion and analysis

Summary

Following a successful IPO in March of this year, DKSH Group continued its strong operative development and profitable growth in the first half-year of 2012. EBIT (operating profit) rose by CHF 24 million to CHF 127 million, representing an increase of 23.0% compared to first half 2011. Group net sales exceeded historic sales growth rates and increased by 16.0% year-on-year to CHF 4.2 billion, or at constant exchange rates, by 14.3%. Those results outperform both the Market Expansion Services industry's growth rate as well as the local GDP growth rate for DKSH's addressable markets. Profit after tax increased by 23.6% to CHF 81 million. All Business Units had a successful first half-year and performed positively.

The growth in profitability and the above-market performance in net sales are the result of the consistent implementation of the Group's strategy for sustainable profitable growth and its successful business model. The over-proportional growth in EBIT was the consequence of DKSH's platform being leveraged to provide existing clients with Market Expansion Services. In the six months under report, partnerships with existing clients were extended, success stories multiplied from country to country, and major new clients added. Organic growth was complemented by two bolt-on acquisitions, one in Australia and the other in Japan. All companies acquired in 2011 have been fully integrated.

Seasonality frequently shows a stronger second half in the business year. Based on this fact and current market assumptions, DKSH confirms its guidance of double-digit profit growth for the full year 2012.

Business Units

Consumer Goods

EBIT rose by 7.9% compared to first half 2011 to CHF 71 million at a margin of 3.9%, while net sales grew by 15.1% and at constant exchange rates by 13.7% to CHF 1.8 billion as a result of strong sales across all regions. The main drivers were the strong organic growth achieved with existing clients by further strengthening their position in the respective markets, and the focus on offering full services solutions. In addition, DKSH attracted large clients in new markets. Brandlines and FNZ Brands in New Zealand, and the Maurice Lacroix Group in Switzerland, all acquired in 2011, also contributed to the strong growth. In two markets, business areas which over time focused more on healthcare channels were transferred to Business Unit Healthcare. Business Unit Consumer Goods contributed 46% to Group EBIT (excluding segment "Others").

Integration of the acquired Maurice Lacroix Group and Brandlines was completed smoothly. Maurice Lacroix will launch new models in the second half of 2012. This, together with the continued seasonality in the Luxury & Lifestyle business, is expected to result in higher sales towards year-end.

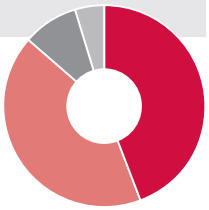
Healthcare

For the Healthcare business, year-on-year EBIT grew over-proportionally to sales by 28.3% to CHF 42.6 million due to enhanced operational processes and efficiencies, expanding our service portfolio, and further strengthening the full-service business. This led to an increased EBIT margin of 2.4%. Within the Group, Healthcare achieved the strongest sales growth, rising by 22.8%, or at constant exchange rates by 21.0%, to CHF 1.8 billion. The transferred businesses in two markets from Business Unit Consumer Goods also contributed to that growth. This strong performance was achieved through solid organic growth, and the ability to attract more clients across the healthcare industry spectrum. Business Unit Healthcare accounted for 27% of Group EBIT (excluding segment "Others").

EBIT by Business Unit[1] in %

- 45.8 Consumer Goods
- 27.4 Healthcare
- 20.1 Performance Materials
- 6.7 Technology

Net sales by Business Unit in %



- 44.3 Consumer Goods
- 42.1 Healthcare
- 8.9 Performance Materials
- 4.7 Technology

Net sales by region in %

- 36.1 Thailand
- 26.1 Greater China
- 22.2 Malaysia/ Singapore
- 12.4 Rest of Asia Pacific
- 3.2 Rest of the world

[1] excluding segment "Others"

Performance Materials

EBIT was on a par with previous year's high level of CHF 31 million, with a highly attractive EBIT margin of 8.4%, the highest margin of all DKSH Business Units. Net sales amounted to CHF 370 million, up 0.4% in Swiss francs or down 1.0% at constant exchange rates. Performance Materials had strong organic growth in 2012 and was able to successfully compensate a large one-time effect on sales in the first half-year of 2011, stemming from a non-recurring business in Japan. In line with industry trends, sales in Asian markets developed positively while European sales were affected by lower demand. Business Unit Performance Materials accounted for 20% of Group EBIT (excluding segment "Others").

The newly acquired business of Tiger Chemicals in Australia was successfully integrated. The Business Unit continued to invest into the infrastructure and footprint with three new innovation centers in Taipei, Mumbai, and Bangkok, a distribution center in New Delhi, and additional offices in Sri Lanka and China.

Technology

EBIT grew significantly by 31.3% year-on-year to CHF 11 million at a higher EBIT margin of 5.3%. This positive development is based on enhanced operational processes and efficiencies and increased commission-based full-service business. Net sales amounted to CHF 198 million, up 2.5% in Swiss francs and down 0.5% at constant exchange rates.

For the Technology business, Thailand and Japan benefited from an increase in orders to support the recovery efforts following the natural catastrophes in 2011 in those countries. Business Unit Technology accounted for 7% of Group EBIT (excluding segment "Others").

Two bolt-on acquisitions were announced to further strengthen the Technology business – ElectCables in Australia on June 25, 2012 and Clay and Company Limited in Japan on July 11, 2012. Both acquired companies will be consolidated as of July 2012.

Regional performance

DKSH continued to achieve double-digit sales growth in Asia, while the European operations were faced with lower market demand. Notably, DKSH's largest market Thailand, with 36% of the Group net sales, also recorded double-digit sales growth. Thailand as a country suffered from severe flooding in the greater Bangkok area at the end of 2011. The flooding damaged some properties of DKSH, which were reconstructed at the beginning of 2012. All costs related to that reconstruction were covered by insurance policies. The Greater China and Malaysia / Singapore regions, which account for 26% and 22% of sales respectively, showed continued double-digit growth, with strong development reported by all Business Units. DKSH's well-positioned nutrition business supported growth in these markets.

Other (non-Business Unit)

Costs that are not allocated to the Business Units primarily include corporate services. First half-year 2012 reported a negative EBIT of CHF 29 million (2011: negative CHF 36 million). First half of 2011 contained some additional costs related to the IPO in March 2012.

Consumer Goods

in CHF millions	1H 2012	1H 2011
Net sales	1,848.6	1,606.1
EBIT	71.3	66.1

Healthcare

in CHF millions	1H 2012	1H 2011
Net sales	1,757.6	1,431.6
EBIT	42.6	33.2

Performance Materials

in CHF millions	1H 2012	1H 2011
Net sales	369.5	368.0
EBIT	31.2	31.5

Technology

in CHF millions	1H 2012	1H 2011
Net sales	197.9	193.0
EBIT	10.5	8.0

Profit after tax

Profit for the first half-year 2012 rose by 23.6% to CHF 81 million. The net finance costs increased in the first half 2012 by CHF 7 million to CHF 9 million, mainly as a result of higher interest expenses. The increase was driven by higher net debt in the first half 2012 as a result of the payment of the special dividend in June 2011 and higher working capital requirements. The tax rate decreased from 33.5% in 2011 to 31.8% in the first half 2012, mainly due to lower statutory taxes in Thailand.

Balance sheet

Total assets grew 4.8% to CHF 3.2 billion. Working capital rose, while liquid assets were reduced to pay off debts. Compared to year-end 2011, total equity increased 5.2% to CHF 1.1 billion, translating into an equity ratio of 33.5%.

Net debt increased in the first six months of 2012 by CHF 94 million to CHF 172 million, driven by growth of the business, dividend payments, and the acquisition of Elect-Cables in Australia.

Average net operating capital (NOC) for the first six months 2012 amounted to CHF 1.1 billion. This represents the average of December 2011 and June 2012. Return on net operating capital (RONOC) reached 22.1%. Strong net sales growth drove NOC development, however, at a lower rate.

Cash flow

Strong organic growth, with required investments in working capital, reduced net cash from operations compared to 2011. The cash flow used for investments was CHF 14 million, representing investments in property, plant, and equipment. Cash inflow from financing activities amounted to CHF 2 million. This includes dividend payments of CHF 41 million. Free cash flow was CHF 51 million as a result of strong EBITDA and investments in working capital. Net cash from operations was a negative amount of CHF 46 million.

Outlook

Demand in DKSH's main markets is expected to remain favorable. DKSH expects to grow net sales at least in line with its addressable market growth. As the leading Market Expansion Services provider with a focus on Asia, DKSH is expected to continue its course of sustainable profitable growth and confirms its commitment of double-digit profit growth for the full year 2012.

Interim consolidated income statement

in CHF millions [1]	January – June 2012	January – June 2011
	unaudited	**unaudited**
Net sales	4,172.2	3,597.9
Other income	19.0	9.9
Goods and material purchased and consumables used	(3,537.5)	(3,043.0)
Employee benefit expenses	(251.3)	(227.8)
Depreciation, amortization and impairment expenses	(20.7)	(17.5)
Other operating expenses	(254.9)	(216.4)
Operating profit (EBIT)	**126.8**	**103.1**
Net finance costs	(8.5)	(1.2)
Gain on sale of shareholding	–	0.4
Share of profit of associates	0.1	0.2
Profit before tax	**118.4**	**102.5**
Income tax expenses	(37.7)	(37.2)
Profit after tax	**80.7**	**65.3**
Attributable to:		
Shareholders of the Group	78.3	62.8
Non-controlling interest	2.4	2.5
Earnings per share for profit attributable to the shareholders of the Group		
Basic earnings per common share	1.24	1.06
Diluted earnings per common share	1.22	1.04

[1] Except for earnings per share (in CHF)

Interim consolidated statement of comprehensive income

in CHF millions	January – June 2012	January – June 2011
	unaudited	unaudited
Profit after tax	**80.7**	**65.3**
Other comprehensive income		
Net gains/(losses) on available-for-sale financial assets, net of tax	–	(0.4)
Net investment hedges, net of tax	0.6	3.3
Currency translation differences	7.9	(70.4)
Total comprehensive income, net of tax	**89.2**	**(2.2)**
Attributable to:		
Shareholders of the Group	86.5	(2.7)
Non-controlling interest	2.7	0.5

Interim consolidated statement of financial position

in CHF millions	June 30, 2012	December 31, 2011
	unaudited	audited
Cash and cash equivalents	135.9	192.8
Trade receivables	1,582.2	1,511.9
Inventories	861.9	792.4
Prepaid expenses	38.3	20.5
Other receivables	245.0	196.1
Current income tax receivable	4.2	3.6
Current assets	**2,867.5**	**2,717.3**
Intangible assets	115.7	119.5
Other receivables	3.5	6.1
Property, plant and equipment	151.9	147.7
Financial assets	25.5	25.6
Investments in associates	2.6	3.9
Retirement benefit assets	21.5	20.9
Deferred tax assets	26.4	27.1
Non-current assets	**347.1**	**350.8**
Total assets	**3,214.6**	**3,068.1**
Borrowings	243.2	226.6
Trade payables	1,417.7	1,354.7
Current income tax liabilities	29.9	29.4
Other payables and accrued expenses	314.1	320.5
Current provisions	4.8	7.3
Current liabilities	**2,009.7**	**1,938.5**
Borrowings	65.1	44.2
Other non-current liabilities	21.3	18.3
Deferred tax liabilities	17.8	20.6
Non-current provisions	4.5	5.4
Retirement benefit obligations	20.8	18.4
Non-current liabilities	**129.5**	**106.9**
Total liabilities	**2,139.2**	**2,045.4**
Share capital	6.4	6.3
Reserves and retained earnings	1,040.6	989.2
Equity attributable to the shareholders of the Group	**1,047.0**	**995.5**
Non-controlling interest	**28.4**	**27.2**
Total equity	**1,075.4**	**1,022.7**
Total equity and liabilities	**3,214.6**	**3,068.1**

Interim consolidated statement of changes in equity

in CHF millions	Share capital	Currency translation	Other reserves	Retained earnings	Total equity attributable to shareholders of the Group	Non-controlling interest	Total equity
As of January 1, 2012 (audited)	**6.3**	**(118.7)**	**236.9**	**871.0**	**995.5**	**27.2**	**1,022.7**
Profit after tax	–	–	–	78.3	78.3	2.4	80.7
Other comprehensive income	–	8.2	–	–	8.2	0.3	8.5
Total comprehensive income	**–**	**8.2**	**–**	**78.3**	**86.5**	**2.7**	**89.2**
Treasury shares	–	–	–	0.4	0.4	–	0.4
Capital increase for incentive plans	0.1	–	–	(0.1)	–	–	–
Share-based payment transactions	–	–	–	5.4	5.4	–	5.4
Dividend	–	–	–	(40.8)	(40.8)	(1.5)	(42.3)
As of June 30, 2012 (unaudited)	**6.4**	**(110.5)**	**236.9**	**914.2**	**1,047.0**	**28.4**	**1,075.4**

in CHF millions							
As of January 1, 2011 (audited)	**6.0**	**(111.1)**	**236.9**	**903.7**	**1,035.5**	**18.2**	**1,053.7**
Profit after tax	–	–	–	62.8	62.8	2.5	65.3
Other comprehensive income	–	(65.1)	–	(0.4)	(65.5)	(2.0)	(67.5)
Total comprehensive income	**–**	**(65.1)**	**–**	**62.4**	**(2.7)**	**0.5**	**(2.2)**
Treasury shares	–	–	–	(0.4)	(0.4)	–	(0.4)
Capital increase for incentive plans	0.1	–	–	21.1	21.2	–	21.2
Shares to replace former IAS 19 incentive plans	0.2	–	–	32.6	32.8	–	32.8
Share-based payment transactions	–	–	–	6.8	6.8	–	6.8
Dividend	–	–	–	(247.2)	(247.2)	(1.3)	(248.5)
As of June 30, 2011 (unaudited)	**6.3**	**(176.2)**	**236.9**	**779.0**	**846.0**	**17.4**	**863.4**

Interim consolidated cash flow statement

in CHF millions	January – June 2012	January – June 2011 [2]
	unaudited	unaudited
Profit before tax	**118.4**	**102.5**
Non-cash adjustments		
Depreciation, amortization and impairments on		
Property, plant & equipment	14.9	12.5
Intangible assets	5.8	5.0
Share-based payment transaction expense	5.4	16.5
Gain/(loss) on disposal of property, plant and equipment	(0.3)	0.1
Net finance cost	8.5	1.2
Share of profit of associates	(0.1)	(0.2)
Change in provisions and other non-current liabilities	1.1	1.2
Change in other non-current assets	2.0	9.7
Working capital adjustments		
Increase/(decrease) in trade and other receivables and prepayments	(133.3)	18.9
Increase in inventories	(58.9)	(71.4)
Increase in trade and other payables	33.0	69.1
Interest received	0.6	1.1
Interest paid	(4.6)	(3.6)
Taxes paid	(38.9)	(44.8)
Net cash flows (used in)/from operations	**(46.4)**	**117.8**
Net cash flows used in investing activities	**(14.1)**	**(18.0)**
Proceeds from current and non-current borrowings	92.2	219.7
Repayment of current and non-current borrowings	(56.6)	(127.3)
Dividend paid	(40.8)	(247.2)
Dividend paid to non-controlling interest	(1.5)	(1.3)
Other financing activities	8.2	1.9
Net cash flows from/(used in) financing activities	**1.5**	**(154.2)**
Cash and cash equivalents, as of January 1	**192.8**	**287.6**
Effect of exchange rate changes	2.1	(20.5)
Net decrease in cash and cash equivalents	(59.0)	(54.4)
Cash and cash equivalents, as of June 30	**135.9**	**212.7**

[2] Certain reclassifications have been made to interim consolidated cash flow statement 2011 to conform to current year presentation (see Notes to the interim consolidated financial statements 2012 – Note 2)

Notes to the interim consolidated financial statements

1. General information

The interim consolidated financial statements of the DKSH Group for the six months ended June 30, 2012 were authorized for issue in accordance with a resolution of the directors on August 2, 2012.

DKSH Holding Ltd, Switzerland is the ultimate parent company of the DKSH Group. Since March 20, 2012 DKSH Holding Ltd's shares have been listed on the SIX Swiss Exchange. The address of its registered office is Wiesenstrasse 8, 8008 Zurich.

The principal activities of DKSH Holding Ltd and its subsidiaries (the Group) are related to Market Expansion Services with a focus on Asia. The Group offers any combination of sourcing, marketing, sales, distribution, and after-sales services. It provides business partners with expertise as well as on-the-ground logistics based on a comprehensive network of unique size and depth.

Business activities are organized into four specialized Business Units that mirror the fields of expertise of the Group: Consumer Goods, Healthcare, Performance Materials and Technology.

2. Basis of preparation and accounting policies

Basis of preparation
The interim consolidated financial statements for the six months ended June 30, 2012 have been prepared in accordance with IAS 34 and should be read in conjunction with the accompanying notes.

The interim consolidated statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS.

Certain reclassifications have been made to the comparative financial information as per June 30, 2011, to conform to the current year presentation. Due to the specific nature of amounts of cash in transit, CHF 24.9 million has been reclassified from cash and cash equivalents to receivables. "Revenues" as reported in the Group's annual financial statements for the year ended December 31, 2011 have been renamed to "Net sales".

Accounting policies
The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2011, except for the adoption of new standards and interpretations as of January 1, 2012, noted below:

IFRS 7 (amendment), "Disclosures – transfers of financial assets", effective for annual periods beginning on or after July 1, 2011. This amendment enhances disclosures for financial assets transferred (as defined under IAS 39). If the assets transferred are not derecognized entirely in the financial statements, the Group has to disclose information that enables users of financial statements to understand the relationship between those assets that are not derecognized and their associated liabilities. If those assets are derecognized entirely, but the Group retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the Group's continuing involvement in those derecognized assets. The adoption of this amendment affects disclosure only and has no impact on the financial position or performance of the Group.

3. Operating segment information

Identification of reportable segments

For management purposes, the Group is organized into Business Units based on their products and services, and has four reportable segments as described in the Group's annual financial statements 2011.

No operating segments have been aggregated to form the above reportable operating segments.

An individual segment manager is determined for each operating segment and the results are regularly reviewed by the Board of Directors. The Board of Directors monitors the operating results of its Business Units separately for the purpose of making decisions about resource allocation and performance assessment.

Management assesses the performance of the operating segments based on EBIT. This measure excludes gains/losses on financial instruments and interest income and expenditure that are not allocated to segments, as this type of activity is driven by the central treasury function.

Transfer prices between operating segments are on arm's length basis.

Operating segments

January – June 2012

in CHF millions	Consumer Goods	Healthcare	Performance Materials	Technology	Others	Eliminations	Group Total
Net sales third parties	1,848.1	1,757.0	369.4	197.7	–	–	4,172.2
Net sales intersegment	0.5	0.6	0.1	0.2	0.1	(1.5)	–
Net sales	**1,848.6**	**1,757.6**	**369.5**	**197.9**	**0.1**	**(1.5)**	**4,172.2**
EBIT	**71.3**	**42.6**	**31.2**	**10.5**	**(28.8)**	**–**	**126.8**
Net finance result							(8.4)
Profit before tax							**118.4**

January – June 2011

in CHF millions	Consumer Goods	Healthcare	Performance Materials	Technology	Others	Eliminations	Group Total
Net sales third parties	1,605.8	1,430.8	367.9	192.8	0.6	–	3,597.9
Net sales intersegment	0.3	0.8	0.1	0.2	0.1	(1.5)	–
Net sales	**1,606.1**	**1,431.6**	**368.0**	**193.0**	**0.7**	**(1.5)**	**3,597.9**
EBIT	**66.1**	**33.2**	**31.5**	**8.0**	**(35.7)**	**–**	**103.1**
Net finance result							(0.6)
Profit before tax							**102.5**

4. Equity

During the first six months of 2012 the Group increased its share capital by 753,215 shares (2011: 921,200 shares) to serve its share-based, long-term incentive plans (LTIP).

In the first six months of 2012 the Group sold 12,822 treasury shares for CHF 0.4 million. During the corresponding period in 2011 the Group purchased 20,700 treasury shares for CHF 0.4 million.

A dividend of CHF 0.65 per share was paid during the interim period. Total dividend payments amounted to CHF 40.8 million. In 2011 a dividend of CHF 4.32 per preferred share and CHF 3.50 per common share was paid, resulting in total dividend payments of CHF 247.2 million.

5. Events after the reporting period

Effective July 1, 2012 the Group acquired 100% of the shares of ElectCables Pty Ltd, a privately held company based in Australia for consideration of CHF 10.3 million. ElectCables represents an independent distributor of high quality flexible cables for major industrial applications, including electrical, data, contracting, mining and manufacturing. The Group is currently assessing the impact of the acquisition on the Group's consolidated financial statements.

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To the Board of Directors of
DKSH Holding Ltd, Zurich

Zurich, 2 August 2012

Report on the review of interim consolidated financial statements

Introduction

We have reviewed the interim consolidated financial statements (interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of financial position, interim consolidated statements of changes in equity, interim consolidated cash flow statement and notes, pages 8 to 15) of DKSH Holding Ltd. for the period from 1 January 2012 to 30 June 2012. The Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

Ernst & Young Ltd

Andreas Bodenmann
Licensed audit expert
(Auditor in charge)

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