Annual Report 2015

DKSH

150 YEARS OF MARKET EXPANSION SERVICES

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 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 capillary physical distribution.

Healthcare

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

Performance Materials

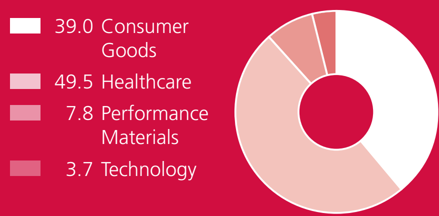
We source, develop, market and distribute a wide range of specialty chemicals and ingredients for the specialty chemicals, food and beverage, pharmaceutical and personal care industries.

Technology

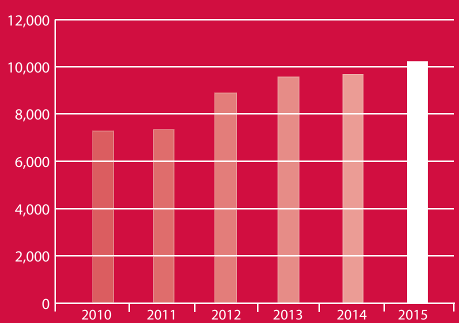
We cover a broad range of capital investment goods and analytical instruments for which we offer marketing, sales, distribution and after-sales services.

Net sales 2015 by region in %

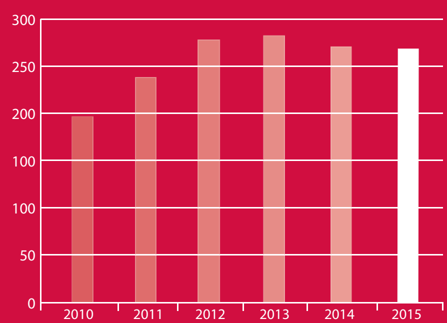
Net sales 2015 by Business Unit in %



Net sales in CHF million (2010–2015)

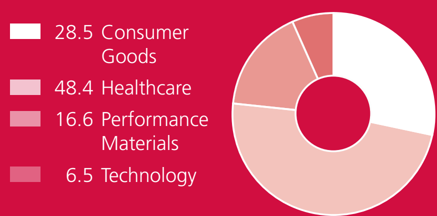


EBIT in CHF million (2010–2015)[1]



[1] EBIT excl. income of CHF 27.6 million from sale of property in Malaysia in 2013

EBIT 2015 by Business Unit in %[2]



[2] EBIT excl. effects from CMS transaction and luxury goods business and segment "Other"

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Letter to shareholders

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

Dear Shareholders,

Your company, DKSH, the leading Market Expansion Services provider with a focus on Asia, continued its profitable growth in its anniversary year 2015 despite a challenging market environment.

In line with our corporate strategy, the focus in 2015 was on enhancing organic growth through expanding business with existing clients, multiplying success stories from country to country and developing new business.

In addition, we strengthened our presence in the fast-growing online trade channels with an equity stake in aCommerce, the leading e-commerce solutions provider in South East Asia. We further enhanced our Performance Materials business with a bolt-on acquisition in Northern Europe.

Net sales grew by 2.4% to CHF 10.1 billion. Organic growth was 4.0% and 0.4 percentage points resulted from M&A activities. Exchange rate fluctuations reduced net sales by 2.0%. At constant exchange rates, net sales increased by 4.4% to CHF 10.2 billion.

DKSH generated an operating profit (EBIT) at approximately last year's level of CHF 270.2 million. At constant exchange rates, EBIT of CHF 275.3 million was even slightly above the previous year's figure (CHF 272.7 million).

Profit after tax of CHF 199.6 million was 2.1% higher than the year before and at constant exchange rates up 3.7%. Free Cash Flow added up to CHF 190.8 million.

Business Units Healthcare, Technology and Performance Materials achieved excellent results in 2015. Political uncertainty, the resulting subdued consumer sentiment and overall deteriorating economic conditions led profit of Business Unit Consumer Goods to decline compared with last year. In Thailand, a tense political situation as well as terror attacks during summer impacted market conditions. While in Malaysia, in addition to the political disturbances, low commodity prices and the devaluation of the local currency influenced business.

Within Business Unit Consumer Goods, the luxury goods business was substantially affected by the weak demand in Asia, the ongoing industry consolidation and the strong Swiss franc. The restructuring measures in this area will be continued.

In line with the progressive dividend policy practiced since many years, the Board of Directors will propose to the Ordinary Annual General Meeting (AGM) in March 2016 an ordinary dividend of CHF 1.30 per share for the financial year 2015. The ordinary dividend thereby would be CHF 0.15 or 13.0% higher than last year.

Payment date for this dividend, if approved by the AGM, is set starting April 5, 2016 (record date: April 4, 2016; ex-dividend date: April 1, 2016).

In December 2015, DKSH formed a strategic partnership with aCommerce. DKSH thereby further strengthens its omni-channel approach by selling client products through both the well-established offline trade channels and the fast-growing online channels. The partnership furthermore creates new opportunities in Indonesia and in the Philippines, especially for DKSH's Consumer Goods and Healthcare businesses.

At year-end 2015, DKSH employed 28,340 specialists, representing an increase of 790 employees or 2.9% compared to 2014. As a service company our employees and their engagement are the basis of our continued success.

With our broadly diversified and scalable business model, DKSH is ideally positioned to benefit from the growing middle class, rising inner-Asian trade and increased outsourcing to specialist services providers like DKSH.

Due to the robust business model and intact long-term growth drivers in Asia, DKSH is confident to gain further market share also in periods of high volatility. When in addition an upswing in the core markets occurs, net sales and profit growth should continue in 2016 and the following years.

Formed in 2002 through the merger of long-established Swiss trading houses Diethelm Keller Services Asia and SiberHegner, DKSH has transitioned from a traditional trading company into the leader in the recently established Market Expansion Services industry.

Following the IPO in 2012 and the increased visibility that comes with being a listed company, awareness of DKSH among manufacturers and clients has increased yet again, as has our standing in the market for new talents.

The focus of the year 2015 was our 150th anniversary. Also in the future, 150 years after our foundation in Japan, DKSH will help clients and customers to successfully expand their business in Asia. DKSH has lived and shaped globalization long before the term became popular and is today both enabler and beneficiary of global trade.

In 2016, we continue our tradition with two historic events. Exactly 110 years ago, we established the first branch in Thailand on the shore of the Chao Praya river as well as 20 years ago we did pioneering work and started business activities in Myanmar. Today, we are the established market leader in both markets with around 11,000 and 2,100 specialists respectively.

We thank our business partners, employees and shareholders for their commitment and look forward to a successful joint future.

Sincerely yours,

Adrian T. Keller	Dr. Joerg Wolle
Chairman	President & CEO

DKSH share information

Share price and market capitalization

in CHF	2015	2014
Share price (end of period)[1]	63.35	76.00
High[1]	81.95	77.65
Low[1]	57.80	59.65
Market capitalization (in CHF million)[1]	4,120	4,943
Ordinary dividend per share	1.30[2]	1.15

Share information

Listing	SIX Swiss Exchange
Ticker symbol	DKSH
ISIN	CH0126673539
Swiss security number	12667353
Category	Registered shares
Number of fully paid registered shares	65,042,963
Par value	CHF 0.10

Significant shareholders

	Number of shares	in %
Diethelm Keller Holding Ltd., Switzerland	29,267,730	45.0
FFP Invest SAS, France	3,820,000	5.9
Matthews Pacific Tiger Fund, USA	2,738,062	4.2
Rainer-Marc Frey, Switzerland	2,509,666	3.9

1 Source: SIX Swiss Exchange
2 Proposed by the Board of Directors

Key figures

Consolidated income statement

in CHF millions	At constant exchange rates[1] 2015	Change in %	2015	Change in %	2014
Net sales	10,246.4	4.4	10,050.8	2.4	9,818.2
Operating profit (EBIT)	275.3	1.0	270.2	(0.9)	272.7
Profit after tax	202.7	3.7	199.6	2.1	195.5
EBIT margin (in %)	2.7	-	2.7	-	2.8

Consolidated statement of financial position

in CHF millions	December 31, 2015	December 31, 2014
Total assets	4,095.8	3,991.1
Equity attributable to the shareholders of the Group	1,509.2	1,449.0
Net operating capital (NOC)	1,049.4	1,174.3
Net cash	468.8	292.5
Return on net operating capital (RONOC) (in %)	24.3	24.2
Return on equity (ROE) (in %)	13.4	13.3

Earnings per share

in CHF	2015	2014
Basic earnings per share	3.12	2.96
Diluted earnings per share	3.11	2.96

Other

	December 31, 2015	December 31, 2014
Specialists	28,340	27,550

[1] Constant exchange rates: 2015 figures converted at 2014 exchange rates

Corporate governance

In overseeing an international company operating in 36 countries, DKSH's Board of Directors has committed itself to maintaining the highest standards of integrity and transparency in its governance.

DKSH Holding Ltd. (the Company) is committed to good corporate governance standards and considers compliance with such standards indispensable for a sustainable and valuable relationship with its stakeholders and the Group's future success.

This Corporate Governance Report contains the information required by the Directive Relating to Information on Corporate Governance of the SIX Swiss Exchange valid on December 31, 2015, and follows the Directive's structure. The Corporate Governance Report also contains the legally required disclosure of compensation and participation rights at the highest corporate level. The principles and rules of Corporate Governance as practiced by the Company are laid down in the Articles of Association and further internal regulations. These are reviewed on a regular basis by the Board of Directors of the Company.

1. Structure of the Group and shareholders

1.1 Group structure

Operational group structure

The operational structure of the Group corresponds to the segment reporting and the geographical information presented in Note 3 of the Consolidated Financial Statements (pages 62 to 64) and can be summarized as follows:

Reported segments consisting of the following Business Units:

- Consumer Goods
- Healthcare
- Performance Materials
- Technology
- Other (non-Business Unit)

Geographical information by region:

- Thailand
- Greater China
- Malaysia/Singapore
- Other

Listed companies of the Group

The Company, the ultimate holding company of the Group, has its registered office in Zurich, Switzerland, and its shares are listed on the SIX Swiss Exchange, Zurich, according to the Main Standard. On December 31, 2015, the Company's market capitalization amounted to CHF 4,120.4 million (65,042,185 marketable shares at CHF 63.35 per share).

DKSH Holdings (Malaysia) Berhad, of which the Company holds a 74.3% participation, has its registered office in Petaling Jaya, Malaysia, and its shares are listed on Bursa Malaysia Securities Berhad (Main Market), Malaysia. On December 31, 2015, DKSH Holdings (Malaysia) Berhad's market capitalization amounted to MYR 630.6 million (157,658,076 ordinary shares at MYR 4.00 per share).

On December 31, 2015, of the total of the Company's share capital on the closing date:

- the free float consisted of 31,955,233 shares = 49.1%, and
- treasury shares consisted of 778 shares = 0.00%

The Company's shares are traded under the symbol "DKSH," the security number is 12667353 and ISIN is CH0126673539.

DKSH Holdings (Malaysia) Berhad shares are traded under the stock name "DKSH," the stock code is 5908 and ISIN is MYL5908OO008.

Significant Group companies

The principal subsidiaries of the Group are disclosed in Note 34 to the Consolidated Financial Statements (pages 93 to 94), including particulars as to the country, name of the company, registered office, share capital and the Group's shareholding in percent.

1.2 Significant shareholders

Under the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA), anyone holding shares in a company listed on the SIX Swiss Exchange is required to notify the company and the SIX Swiss Exchange if their holding reaches, falls below or exceeds the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 33⅓%, 50% or 66⅔% of the voting rights entered into the commercial register. Notifications must also include financial instruments, regardless of whether cash or physically settled, constituting a purchase or a sale position. Upon receipt of such notifications, the company is required to inform the public.

According to the notifications filed with the Company and SIX Swiss Exchange between and or before January 1 and December 31, 2015, the Company has as of December 31, 2015 the following principal shareholders:

Shareholders	% of voting rights*
Diethelm Keller Holding Ltd., Mühlebachstrasse 20, 8008 Zurich, Switzerland (domicile: Zurich) [1]	45.0
FFP Invest SAS, 75 avenue de la Grande Armée, 75116 Paris, France [2]	5.9
Matthews Pacific Tiger Fund, 4 Embarcadero Center, Suite 550, San Francisco, 94111 USA	4.2
Rainer-Marc Frey, 8807 Freienbach, Switzerland	3.9

* According to Swiss law, shareholdings must be calculated based on the number of shares reflected in the Company's excerpt of the commercial register at the time the notification is made.

1) By virtue of a shareholders' agreement dated December 6, 2011 (as amended) (relating to the registered shares in DKH Holding AG), 23 members of the families of Andreas W. Keller, Adrian T. Keller, the late Jean-Pierre Blancpain and Jean-Daniel de Schaller constitute the Family Pool. Decisions of the Family Pool, in particular decisions on the voting of the DKH Holding AG shares, are delegated to a certain Family Council, consisting of Andreas W. Keller, CH-8126 Zumikon, Adrian T. Keller, CH-8702 Zollikon, Jean-Daniel de Schaller, CH-8126 Zumikon and the substitutes for the late Jean-Pierre Blancpain: Françoise Blancpain, CH-8003 Zürich and Michèle Blancpain, TH-10110 Bangkok. The Family Pool's indirect shareholding in the Company is controlled through the Family Pool's direct shareholding in DKH Holding AG (in which the Family Pool directly owns 9,218 registered shares, corresponding to 88.95% of the share capital and voting rights) and its indirect shareholding in Diethelm Keller Holding AG (which is controlled by DKH Holding AG, owning 12,000 registered shares, corresponding to 100% of the share capital and voting rights, in Diethelm Keller Holding AG), which is the direct owner of the shares in the Company.

2) FFP Invest SAS is fully owned and controlled by FFP, 75 avenue de la Grande Armée, 75116 Paris, France (domicile: Paris) ("FFP"). The shares of FFP are listed at Euronext Paris (France) Stock Exchange. 79.23% of the shares of FFP are held by Etablissements Peugeot Frères ("EPF"), Le Rocher, 7 route de Beaulieu – 25700 Valentigney (France).

Since no relevant changes materialized in the meantime, such overview is also accurate as of the date of this Annual Report according to the information available to the Company.

In addition, information on disclosures by significant shareholders as to the Company under the Swiss Stock Exchange Act until December 31, 2015, can be found on the website of the Swiss Exchange (SIX) under www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

1.3 Cross-shareholdings

As of December 31, 2015, the Company does not have any cross-shareholdings of a reciprocal 5% of capital or voting rights with any other company.

2. Capital structure

2.1 Share capital

As of December 31, 2015, the ordinary share capital of the Company amounts to CHF 6,504,296.30 and is divided into 65,042,963 registered shares with a nominal value of CHF 0.10 each.

2.2 Authorized share capital and conditional capital

Authorized share capital

As of December 31, 2015, the Company does not have any authorized share capital.

Conditional share capital

As of December 31, 2015, the Company's share capital may be increased in the amount of up to CHF 28,253.70 by issuing up to 282,537 fully paid registered shares with a nominal value of CHF 0.10 each. Such shares may be used for the purpose of employee participation. The Board of Directors determines the issue price as well as the date of the dividend entitlement and resolves on the allocation of the shares pursuant to the relevant participation plan. Shareholders have no pre-emptive rights.

2.3 Change in capital over the past three years
The following table provides an overview as to the changes in capital during the years 2013 through 2015.

	2013	2014	2015
Number of shares, January 1	63,499,915	64,330,829	65,042,963
Share capital in CHF, January 1	6,349,991.50	6,433,082.90	6,504,296.30
Number of shares, change during year	830,914	712,134	0
Share capital in CHF, change during year	83,091.40	71,213.40	0
Number of shares, December 31	64,330,829	65,042,963	65,042,963
Share capital in CHF, December 31	6,433,082.90	6,504,296.30	6,504,296.30

In addition, information about changes in the capital during the years 2014 through 2015 is presented in Note 25 to the Consolidated Financial Statements (page 84).

2.4 Shares and participation certificates
As of December 31, 2015, the Company has issued 65,042,963 fully paid in registered shares with a nominal value of CHF 0.10 each. With the exception of the treasury shares held by the Company, each share carries one vote (subject to the relevant shareholder being registered in the share register as a shareholder with voting rights) and each share carries a dividend entitlement. As of December 31, 2015, the Company held 778 treasury shares.

As of December 31, 2015, the Company has not issued any non-voting equity securities such as participation certificates (*Partizipationsscheine*).

2.5 Profit sharing certificates (*Genussscheine*)
As of December 31, 2015, the Company has not issued any profit sharing certificates (*Genussscheine*).

2.6 Limitations on transferability and nominee registrations
Each share recorded and registered under a shareholder's name in the share register of the Company entitles its holder to one vote. There are no preferential rights for individual shareholders. There are no voting right restrictions and, consequently, no exceptions were made in 2015.

The shares of the Company are issued as uncertificated securities and registered as intermediated securities. They are included in the SIX SIS clearing system. Transfers of intermediated shares, including the granting of security interests, are subject to the Swiss Intermediated Securities Act (Bucheffektengesetz). The transfer of uncertificated shares is effected by a corresponding entry in the books of a bank or depositary institution following an assignment by the selling shareholder and notification of such assignment to the Company by the bank or depositary institution. The transferee must file a share registration form in order to be registered in the Company's share register as a shareholder with voting rights. Failing such registration, the transferee may not vote at or participate in any General Meeting but may still receive dividends and other rights with financial value. The uncertificated shares may be transferred only with the assistance of the bank that administers the book entries of such shares for the account of the transferring shareholder.

Further, shares may be pledged only to the bank that administers the book entries of such shares for the account of the pledging shareholder; in such case, the Company needs to be notified.

According to the Articles of Association, a person having acquired shares will be recorded upon request in the Company's share register as a shareholder with voting rights. The Company may refuse to record a person in the share register as a shareholder with voting rights if such person does not expressly state that he/she has acquired the shares in his/her own name and for his/her own account.

Upon request, fiduciaries/nominees may be entered as shareholders in the share register with voting rights for shares up to a maximum of 3% of the share capital. Shares held by a fiduciary/nominee that exceed this limit may be registered in the share register with voting rights if such fiduciary/nominee discloses to the Company the name, address, nationality or registered office and shareholdings of any person or legal entity for whose account it is holding 0.5% or more of the share capital.

Fiduciaries/nominees that are affiliated with other fiduciaries/nominees by means of ownership structure or voting rights or that have a common management or are otherwise affiliated, are deemed one fiduciary/nominee as regards the application of such entry limitations. The Board of Directors may, after questioning a shareholder or nominee who is entered in the share register, remove their entry with retroactive effect as of the date of their entry if this was made on the basis of incorrect information. The affected shareholder or fiduciary/nominee has to be notified of the cancellation immediately. Legal entities, partnerships or groups of joint owners or other groups that are related to one another through capital ownership or voting rights or have a common management or are otherwise interrelated are treated as one single shareholder.

2.7 Convertible bonds and options

As of December 31, 2015, the Company has not issued any bonds that are convertible into shares or any warrants or options to acquire shares in the Company.

3. Board of Directors, Executive Board and other Committees

3.1 Board of Directors

The following table provides an overview of the Company's Board of Directors (the "Board of Directors") as of December 31, 2015:

Name	Function	Committee Membership	Director since	Term expires
Adrian T. Keller	Chairman	• Strategy Committee	2002	2016
Rainer-Marc Frey	Member	• Audit Committee • Strategy Committee	2008	2016
Dr. Frank Ch. Gulich	Member	• Nomination and Compensation Committee	2009	2016
David Kamenetzky	Member		2014	2016
Andreas W. Keller	Member	• Nomination and Compensation Committee (Chairman)	2002	2016
Robert Peugeot	Member	• Nomination and Compensation Committee	2008	2016
Dr. Theo Siegert	Member	• Strategy Committee (Chairman) • Audit Committee	2006	2016
Dr. Hans Christoph Tanner	Member	• Audit Committee (Chairman)	2011	2016
Dr. Joerg Wolle	Member/President & CEO	• Strategy Committee	2002	2016

The following are summarized biographies of the members of the Board of Directors:

Adrian T. Keller, Chairman
(1951, Swiss)

Adrian T. Keller has been a member of the Board of Directors since 2002 and Chairman since 2004. He is also a member of the Strategy Committee. Since 2000, he has been Vice Chairman of Diethelm Keller Holding Ltd., the anchor shareholder of DKSH. Since 1991, he has been a Board member and from 1995 on, Vice Chairman of Eduard Keller Holding, which in 2000 became Diethelm Keller Holding Ltd., Zurich. From 1990 to 1995, he was also Partner at Global Reach, New York, a private equity and investment firm. Between 1983 and 1990, he was Partner at Hoguet, Keller, Wittmann & Co., New York, a NASD registered investment advisor and securities brokerage firm. In addition to holding various family business related Board seats, Adrian Keller has served on the Board of Directors of Berenberg Bank (Schweiz) AG since 2006. On a pro bono basis, he also is a member of the Board of the Tonhalle Gesellschaft, Zurich. He studied economics at the University of St. Gallen in Switzerland and graduated with an MBA (lic. oec. HSG) in 1976.

Rainer-Marc Frey
(1963, Swiss)

Rainer-Marc Frey has been a member of the Board of Directors since 2008 and is currently a member of the Audit Committee and the Strategy Committee. He is the Founder and Chairman of the Board of Directors of Horizon21 AG, a private Investment Office established in 2005. In 1992, he created one of Europe's first hedge fund groups, RMF Investment Group, becoming its CEO. Between 1989 and 1992, he was a Director at Salomon Brothers Inc., based in Zurich, Frankfurt and London. Mr. Frey began his career at Merrill Lynch Inc. in 1987 working in equity, fixed income and swaps markets. He is the main shareholder and Vice Chairman of Lonrho Holdings Ltd., a diversified conglomerate active in Sub-Saharan Africa. In addition, he is a Member of the Board of the Frey Charitable Foundation, Switzerland. He was a member of the Board of Directors of UBS AG from October 2008 to May 2014. Mr. Frey holds a degree in economics (lic. oec. HSG) from the University of St. Gallen, Switzerland.

Dr. Frank Ch. Gulich
(1963, Swiss)

Dr. Frank Ch. Gulich has been a member of the Board of Directors since 2009 and is currently a member of the Nomination and Compensation Committee. From 2003 until May 2014 he was CEO of the holdings of the Stephan Schmidheiny family and as of then Chairman. Between 2000 and 2002, he was CEO of the Mueller-Moehl Group and member of the Board of Ascom AG, COS AG and SiberHegner, a predecessor company of DKSH. Dr. Gulich worked for the Stephan Schmidheiny family in various positions from 1993 onward. Between 1988 and 1991, he was a management consultant at Management Partners GmbH in Stuttgart, Germany. Dr. Gulich is currently a member of the Board of Directors of the Ernst Göhner Stiftung Beteiligungen AG. He holds a doctorate in law (Dr. iur.) from the University of Zurich, Switzerland, and obtained an MBA at INSEAD business school in Fontainebleau, France.

David Kamenetzky
(1969, Swiss and German)

David Kamenetzky currently is the Corporate Vice President for Corporate Strategy, Corporate Affairs and Strategic Initiatives and a member of the global management team of Mars, Incorporated. He is also a member of the six-person Operating Committee. He has been with Mars since 2006, working in various positions in Europe and the USA. From 2000 to 2006, he worked for Goldman Sachs & Co. as its Head of Corporate Communications in Frankfurt. He joined Goldman Sachs in the Private Client Services area in London. In 1999, he was a fellow for European Affairs in the office of US Senator Chuck Hagel, R-NE, US Secretary of Defense until December 2014. Between 1993 to 1998, he served as Chief of Staff to the late Ignatz Bubis, President of the Central Council of Jews in Germany. David Kamenetzky holds a degree in Finance, Accounting and Controlling (lic. oec. HSG) from the University of St. Gallen, Switzerland and a Master of Science in Foreign Relations from Georgetown University, USA.

Andreas W. Keller
(1945, Swiss)

Andreas W. Keller has been a member of the Board of Directors since 2002 and currently chairs the Nomination and Compensation Committee. Since 2000, he has been Chairman of the Board of Directors and the Executive Committee of Diethelm Keller Holding Ltd., Zurich, the major shareholder of DKSH. Prior to the merger of Diethelm & Co. and Edward Keller Ltd. in 2000, he presided over the Boards of Directors of both these companies. From 1985 to 1993, he was a member of the Management Board of Eduard Keller Holding. Before returning to Switzerland in 1985, he served as CEO and Chairman of Diethelm Keller (USA) Ltd. in New York after having worked at Diethelm & Co., Thailand, from 1976 to 1980. Andreas W. Keller is a member of the Board of Directors of Oettinger Davidoff AG. He studied law at the University of Zurich (lic. iur.), Switzerland, and graduated from the Program for Management Development (PMD) at Harvard Business School, USA.

Robert Peugeot
(1950, French)

Robert Peugeot has been a member of the Board of Directors since 2008 and is currently a member of the Nomination and Compensation Committee. Since 2002, Robert Peugeot has been Chairman and CEO of FFP SA. He has held various senior positions at PSA Peugeot Citroën since 1975. From 1998 to 2007, he served as Vice-President for innovation and quality and was a member of the Executive Committee of PSA Peugeot Citroën. He is permanent representative for FFP SA on the Supervisory Board of Peugeot SA. He is also member of the Board of Directors of Hermès International SA, Faurecia SA, Sanef SA, Imerys SA, Holding Reinier SAS, Etablissements Peugeot Frères SA, Sofina SA, Financière Guiraud SAS and FFP Invest SAS. He studied at the École Centrale de Paris engineering school and at INSEAD business school in Fontainebleau, France.

Dr. Theo Siegert
(1947, German)

Dr. Theo Siegert has been a member of the Board of Directors since 2006 and is currently a member of the Audit Committee and Chair of the Strategy Committee since March 2012. Dr. Siegert joined de Haen Carstanjen & Soehne, Germany, as Managing Partner in 2006. Before that, he held various positions at Franz Haniel & Cie. GmbH from 1975 to 2005, where he became Chairman of the Board of Directors in 2005. He is a member of the Supervisory Board of E.ON SE and serves as Chairman of its Audit Committee. Furthermore, he is a member of the Supervisory Board of Henkel AG & Co KGaA and serves as Chairman of its Audit Committee. In addition, he is a member of the Supervisory Board of Merck KGaA, a member of the Board of Partners and the Chairman of the Finance Committee of E. Merck OHG and a member of the Advisory Board of Hülskens Holding GmbH & Co. KG, Wesel. He holds a PhD in economics from the University of Munich, Germany, where he was an honorary professor.

Dr. Hans Christoph Tanner
(1951, Swiss)

Dr. Hans Christoph Tanner has been a member of the Board of Directors since 2011 and currently chairs the Audit Committee. Since 2006, he has been the CFO and a member of the Board of Directors of Cosmo Pharmaceuticals SA, Luxembourg. From 1998 to 2002, he was with A&A Investment Management, and co-founder and member of the Board of 20 Min Holding and 20 Minuten Schweiz AG. Prior to this, he worked for UBS AG for 21 years, initially as a corporate banker in Zurich, Madrid and Los Angeles and then headed UBS AG's corporate finance and capital markets activities in Zurich from 1992 to 1998. He is a member of the Board of Directors of Private Equity Holding AG (SIX: PEH), CureVac AG, Tuebingen, Joimax GmbH, Karlsruhe and Qvanteq AG, Zurich. He holds a degree in economics (lic. oec. HSG) and a doctorate in economics from the University of St. Gallen, Switzerland.

Dr. Joerg Wolle, President & CEO
(1957, Swiss and German)

Dr. Joerg Wolle has been a member of the Board of Directors since 2002. Dr. Joerg Wolle was appointed President & CEO of DKSH in June 2002, following the merger of Diethelm Keller Services Asia and Siber-Hegner Holding Ltd. to form DKSH. He is currently a member of the Strategy Committee. Previously, he was President & CEO of SiberHegner Holding Ltd. from early 2000. Before that, he worked in various positions within the SiberHegner group from 1991 onward, when he joined Siber-Hegner in Hong Kong as Sales Director. From 1988 until 1990 he worked as Manager International Projects for SKF group. Dr. Wolle obtained his PhD in Engineering in 1987 from the University of Technology Chemnitz, Germany. He graduated from the Senior Executive Program at Stanford Business School, USA and is an honorary professor of intercultural communication at the University of Applied Sciences, Zwickau, Germany. Dr. Wolle is Vice Chairman of the Board of Directors of Kuehne + Nagel International AG and a member of the Board of Directors of Diethelm Keller Holding Ltd. He is also a member of the Supervisory Board of Louis Dreyfus Commodities BV in Amsterdam. From 2006 until 2009, he served on the Board of Directors of UBS AG, Switzerland.

Information about managerial positions and significant business connections of non-executive directors
Other than Dr. Joerg Wolle, all members of the Board of Directors are non-executive. None of the non-executive members has held a management position within the Group during the last three years.

Adrian T. Keller (the Chairman) and Andreas W. Keller are members of the Family Pool and Family Council as described in section 1.2 (Significant shareholders) above and are therefore related to DKH Holding AG and Diethelm Keller Holding AG, the Company's major shareholder. The Group entered into certain related party transactions for the purchase and sale of goods and services with Diethelm Keller Holding AG. Furthermore, the Group's Fantree logo is protected and owned by Diethelm Keller Holding AG. The Group is authorized to use such logo pursuant to a license agreement made between the Group company DKSH International AG and Diethelm Keller Holding AG.

No other member of the Board of Directors has any significant business connection with the Company or any other Group company.

3.2 Other activities and functions

Any activities of Board members in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations, as well as permanent management and consultancy functions for important Swiss and foreign interest groups and official functions and political posts that are material, are stated in each of the Directors' biographies, which can be found in section 3.1 (Board of Directors) above.

3.3 Rules in the Articles of Association on the number of external mandates-permitted external activities

At the Ordinary General Meeting 2015, the Articles of Association were amended to comply with the Ordinance against Excessive Remuneration in Public Corporations (the Ordinance) entered into force on January 1, 2014. According to Article 24 of the Articles of Association, the members of the Board of Directors may hold a maximum of 15 additional mandates in the supreme governing or administrative bodies of legal entities which are required to be registered in the commercial register or in a comparable foreign register and which are not controlled by the Company or which do not control the Company whereby no member may hold more than eight such mandates in other listed companies. Mandates in separate legal entities under common control are deemed as one mandate. In the event that the maximum number of mandates is exceeded, the respective member of the Board of Directors must restore the lawful status within six months.

3.4 Elections and terms of office

Pursuant to article 15 of the Articles of Association and in compliance with the Ordinance, all members of the Board of Directors are elected for a term of one year ending upon due completion of the next Ordinary General Meeting. There are no restrictions with respect to the number of terms of service or the age of the relevant members. The elections are carried out at a General Meeting. In accordance with good corporate governance, each member of the Board of Directors is (re-)elected individually. The year of initial election and expiry of the term of the members of the Board of Directors are shown next to their names in the table set out in section 3.1 (Board of Directors) above.

3.5 Internal organization structure

Allocation of tasks within the Board of Directors

Pursuant to Article 8 of the Articles of Association and in compliance with the Ordinance, the Chairman of the Board of Directors and the members of the Nomination and Compensation Committee are directly elected by the Ordinary General Meeting. Other than that, the Board of Directors constitutes itself in accordance with the Swiss Code of Obligations and the Articles of Association. The Board of Directors has established an Audit Committee, a Nomination and Compensation Committee and a Strategy Committee (collectively, the Board Committees). The Ordinary General Meeting elects the Chairman (the Chairman) and the Board of Directors selects the members of the Board Committees (other than the members of the Nomination and the Compensation Committee, who are elected by the Ordinary General Meeting in compliance with the Ordinance). The Board of Directors also appoints its Secretary, who does not need to be a member of the Board of Directors. The Chairman presides over the Board of Directors.

Quorum and decision-making of the Board of Directors is determined by the Articles of Association. Any internal regulations and policies are reviewed on a regular basis to ensure their continued compliance with the Articles of Association, applicable laws and good corporate governance.

The Articles of Association can be found on the Company's website at: www.dksh.com/governance

Board Committees

The Board of Directors has established an Audit Committee, a Nomination and Compensation Committee and a Strategy Committee.

Audit Committee

The Audit Committee consists of two or more members of the Board of Directors who must be non-executive and independent. Its current members are Dr. Hans Christoph Tanner (Chairman), Rainer-Marc Frey and Dr. Theo Siegert. The Audit Committee has the following powers and duties in relation to the statutory auditors and Group auditors:
(i) reviewing and assessing the effectiveness of the statutory auditors and the Group auditors, in particular their independence from the Company. In connection therewith, it reviews in particular additional assignments given by the Company or its subsidiaries. The Audit Committee may issue binding regulations or directives in connection with such additional assignments;
(ii) reviewing and assessing the scope and plan of the audit, the examination process and the results of the audit and examining whether the recommendations issued by the auditors have been implemented by the Executive Board;
(iii) reviewing the auditors' reports and discussing their contents with the auditors; and
(iv) approving the terms and conditions of the engagement of the auditors.

Furthermore, it has the following powers and duties in relation to the internal control system (internal audit, risk management and compliance):
(i) monitoring, reviewing and assessing the effectiveness of the internal audit function, its professional qualifications, resources and independence and its cooperation with external audit;
(ii) approving the annual internal audit plan and the annual internal audit report, including the responses of the management thereto;
(iii) assessing the risk management and the procedures related thereto; and
(iv) assessing the state of compliance with laws, regulations and internal rules and policies of the Group and the procedures related thereto.

In addition, the Audit Committee reviews, in cooperation with the auditors, the President & CEO and the CFO, whether the accounting principles and the financial control mechanism of the Company and its subsidiaries are appropriate in view of the size and complexity of the Group. Furthermore, the Audit Committee has the following powers and duties in relation to the preparation of the financial statements:
(i) reviewing the annual and interim statutory and consolidated financial statements;
(ii) discussing these financial statements with the CFO and, separately, with the Group external auditor for the annual financial statements; and
(iii) making proposals to the Board of Directors with respect to the annual and interim statutory and consolidated financial statements (the responsibility for approving the annual and interim financial statements at the level of the Board of Directors remains with the Board of Directors).

The Audit Committee usually holds four meetings annually. The Chairman of the Board of Directors takes part in the meetings as an advisor. Unless otherwise determined by the Audit Committee, the CFO, the Head Corporate Affairs and the lead auditor take part in all meetings, while the Head of Internal Audit is invited as an advisor whenever needed. In 2015, the lead audit partner attended two meetings of the Audit Committee. The Audit Committee's Chairman reports to the other members of the Board of Directors about the topics discussed in detail and decisions made and/or to be submitted to the entire Board of Directors for approval. For an overview of the number of Audit Committee meetings, the average duration and the average attendance, please refer to the section "Work methods of the Board of Directors and its Board Committees" below.

Nomination and Compensation Committee

The Nomination and Compensation Committee consists of at least three members of the Board of Directors, of which the majority are non-executive and independent. Since the Ordinary General Meeting 2014, the members of the Nomination and Compensation Committee are directly elected by the shareholders for a one-year term. Re-election is possible. In case of vacancies, the Board of Directors shall appoint the substitutes. The Board of Directors designates one member of the Nomination and Compensation Committee as its Chairman each year at the first Board of Director's meeting after the Ordinary General Meeting. Accordingly, its current members are Andreas W. Keller (Chairman), Dr. Frank Ch. Gulich and Robert Peugeot.

In relation to its nomination responsibility, the Nomination and Compensation Committee regularly reviews and makes proposals as to the composition of the Board of Directors and of the Executive Board, including, but not limited to, making proposals as to vacancies in the Board of Directors and the Executive Board and as to appointment and dismissals of members of the Executive Board.

As to compensation, the Nomination and Compensation Committee has the following duties and responsibilities:
(i) preparing proposals for submission to the Board of Directors on the compensation policy, including the principles for performance-related compensation and the allocation of securities, conversion or option rights, entitlements or other financial instruments for the Board of Directors and the Executive Board;
(ii) preparing proposals for submission to the Board of Directors on the maximum aggregate compensation for the Board of Directors and the Executive Board;
(iii) preparing proposals for submission to the Board of Directors on the specific design of the participation plans;
(iv) preparing proposals for submission to the Board of Directors on the specific design of the employment contracts of the members of the Executive Board and conditions for termination;
(v) preparing proposals for submission to the Board of Directors on the individual compensation of the members of the Executive Board within the scope of the Articles of Association and subject to approval by the General Meeting, including, but not limited to, the allocation and definition of compensation-relevant performance objectives and further conditions as well as the verification of the fulfilment of conditions or agreed objectives;
(vi) preparing the draft of the annual Compensation Report for submission to the Board of Directors.

In line with the principles described in the Articles of Association, the Nomination and Compensation Committee may be entrusted by the Board of Directors with additional tasks.

In order to perform its duties, the Nomination and Compensation Committee may also retain the support of independent third parties and remunerate them.

On invitation of the Chairman, the Nomination and Compensation Committee convenes as often as business requires, but typically two to six times a year. The Board of Directors is informed by the Chairman of the Nomination and Compensation Committee about all items discussed, in particular, about all decisions made within powers and duties as described above. For an overview of the number of Nomination and Compensation Committee meetings, the average duration and the average attendance, please refer to the section "Work methods of the Board of Directors and its Board Committees" below.

Strategy Committee

The Strategy Committee consists of at least two members of the Board of Directors and the Chairman and the President & CEO. Its current members are Adrian T. Keller, Dr. Joerg Wolle, Dr. Theo Siegert (Chairman) and Rainer-Marc Frey. The Strategy Committee has the following powers and duties:
(i) to review the Group strategy for approval by the Board of Directors;
(ii) to assist the Board of Directors in fulfilling its duties by providing independent and objective review and advice to the Board of Directors and President & CEO (as appropriate) with respect to the development and implementation of the Group strategy; and
(iii) to assist the Board of Directors in connection with the management of transactions or other special projects of importance to the Company or the Group.

The Board of Directors may entrust the Strategy Committee with additional duties in strategic or business development matters.

On invitation of the Chairman, the Strategy Committee convenes as often as business requires, but typically two to four times a year. The Board of Directors has the discretion to invite members of the Executive Board to attend these meetings. The Board of Directors is informed by a member of the Strategy Committee about all items discussed, in particular, about all decisions within the powers and duties as described above. For an overview of the number of Strategy Committee meetings, the average duration and the average attendance, please refer to the section "Work methods of the Board of Directors and its Board Committees" below.

Work methods of the Board of Directors and its Board Committees

According to the Organizational Regulations, the Board of Directors must meet regularly and as often as business requires.

Board meetings are convened by the Chairman of the Board of Directors or, if the Chairman is unable to do so, by another member designated for such purposes by the Board of Directors. The notice of meetings should be given at least ten days in advance in order to allow the members of the Board of Directors the required preparation time. The Chairman must also convene a Board meeting, generally within fourteen days, if requested to do so by any of its members in writing, by stating the reasons and the items to be placed on the agenda. In addition to the standing Board Committees, the Board of Directors may entrust some or several of its members, as individuals or as members of a committee, with the duty to prepare and carry out its resolutions or to supervise certain matters. Such members must also keep the Board of Directors duly informed on such entrusted matters.

The Chairman is, inter alia, in charge of organizing and preparing the Board meetings (including the preparation of the agenda), chairing the Board meetings, ensuring the flow of information within the Board of Directors and the Group and coordinating with the President & CEO the communication with the public.

Meetings of the Board of Directors may also be held by telephone conference or in another suitable way.

In principle, the Board of Directors may pass resolutions when the majority of its members are present (including participation by teleconference or in another suitable way). The following elections, transactions and issues must be adopted by the Board of Directors by a majority of at least two-thirds of the votes cast: (i) determination of business policies, long-term planning and strategy, (ii) approval of annual planning, financial policies and the internal control system (ICS), (iii) submission of consolidated financial statements and dividend proposals to the shareholders' meeting, (iv) enactment and amendment of the Organizational Regulations and (v) election and removal of the President & CEO. All other decisions of the Board of Directors may be adopted by a majority of the votes cast. In case of a tie vote, the Chairman of the relevant meeting has the casting vote. Resolutions on an item may be adopted in writing unless a member of the Board of Directors requests an oral deliberation.

Generally, the Board Committees may pass resolutions when the majority (at least two) of its members are present. Resolutions of the Board Committees are adopted by a majority of the votes cast. In case of a tie, the Chairman of the relevant Board Committee has the casting vote.

Minutes are kept of the discussions and resolutions taken at each of the meetings of the Board of Directors and its Board Committees.

The following chart provides an overview of the attendance of Board meetings and Board Committee meetings of each member of the Board of Directors and the Executive Board, and the average meeting time in 2015:

Attendance per Board meeting through 2015

	February 25, 2015 14:00–17:30	**March 31, 2015 12:20–12:50**	**July 10, 2015 13:50–14:30 Conference call**	**September 8, 2015 12:30–16:00 (Saigon)**	**December 3, 2015 14:00–18:00**
Adrian T. Keller (Chair)	•	•	•	•	•
Rainer-Marc Frey	•	•	•	•	•
Dr. Frank Ch. Gulich	•	•	•	•	•
David Kamenetzky	•	•	•	•	•
Andreas W. Keller	•	•	•	•	•
Robert Peugeot	•	•	•	•	•
Dr. Theo Siegert	•	•	•	•	•
Dr. Hans Christoph Tanner	•	•	•	•	•
Dr. Joerg Wolle	•	•	•	•	•

Attendance Executive Board Members

Bernhard Schmitt	15:30 –15:45		13:50 –14:30	14:15 –14:30	16:15 –16:45
Gonpo Tsering	15:45 –16:00				

Attendance per Audit Committee meeting through 2015

	February 25, 2015 10:00–12:30	July 10, 2015 13:00–13:30 Conference call	September 8, 2015 08:00–10:30 (Saigon)	December 3, 2015 10:00–12:30
Dr. Hans Christoph Tanner (Chair)	•	•	•	•
Rainer-Marc Frey	•	•	•	•
Dr. Theo Siegert	•	•	•	•
Adrian T. Keller (as guest)	•	•	•	•

Attendance Executive Board Members

Marcel W. Schmid	•			
Bernhard Schmitt	•	•	•	•
Stephen Ferraby			•	10:00 –10:45

Attendance per Strategy Committee meeting through 2015

	March 31, 2015 15:00–18:00	December 2, 2015 16:00–19:00
Dr. Theo Siegert (Chair)	•	•
Rainer-Marc Frey	•	•
Adrian T. Keller	•	•
Dr. Joerg Wolle	•	•

Attendance Executive Board Members

Martina Ludescher	•	•
Gonpo Tsering	15:00 –15:45	

Attendance per Nomination and Compensation Committee meeting through 2015

	February 25, 2015 13:00–14:00	July 10, 2015 13:05–13:30 Conference call	September 8, 2015 17:15–18:15 (Saigon)	December 3, 2015 9:00–10:00
Andreas W. Keller (Chair)	•	•	•	•
Dr. Frank Ch. Gulich	•	•	•	•
Robert Peugeot	•	•	•	•
Dr. Joerg Wolle (as guest)	•	•	•	•
Adrian T. Keller (as guest)	•		•	•

3.6 Board of Directors and Executive Board: areas of responsibilities

The Board of Directors exercises supreme and ultimate management, supervision and control over the conduct of the Company's and the Group's business. It represents the Company and resolves all matters that are not reserved or delegated to another body of the Company. In accordance with the Articles of Association and based on the Organizational Regulations of the Company, the Board of Directors has delegated the conduct of the Company's business to the Executive Board under the leadership of the President & CEO.

The Board of Directors has the following non-assignable and inalienable duties:
(i) overall management of the Company and issuance of required directives;
(ii) definition of the organizational structure;
(iii) establishment of principles for accounting, financial controlling and financial planning;
(iv) appointment and removal of the persons entrusted with executive management and representation of the Company, and determination of signatory authorities;
(v) oversight of the persons entrusted with executive management, specifically with regard to compliance with the law, the Articles of Association, regulations and directives;
(vi) preparation of the Annual Report;
(vii) preparation of the Compensation Report and the resolution on the maximum aggregate compensation for annual approval by the General Meeting separately for the Board of Directors and Executive Board;
(viii) preparation of the General Meeting and the implementation of its resolutions;
(ix) notification of the courts in the event of overindebtedness;
(x) resolutions on the determination of capital increases and respective amendments to the Articles of Association.

The Executive Board, under the leadership of the President & CEO, is entrusted with all other powers and duties (except the powers attributed to the General Meeting by law and the Articles of Association), including the preparation and implementation of the resolutions of the Board of Directors and the management of the Company and the Group.

The President & CEO leads the Executive Board and has, inter alia, the following powers and duties with the right to delegate the performance and implementation of such President & CEO duties further:
(i) the establishment of a management organization that enables the Group to effectively operate its business in accordance with the strategy approved by the Board of Directors;
(ii) the management and control of the day-to-day business of the Group;
(iii) the issuance of internal rules and regulations for the management – including rules for the organization of the Executive Board and the preparation, calling and presiding of the meetings of the Executive Board – and the operations of the Group, to the extent that this is not the responsibility of the Board of Directors;
(iv) the provision of all information and documents necessary to the Board of Directors;
(v) the implementation of the resolutions passed by the Board of Directors or the Board Committees;
(vi) the proposal to the Board of Directors of transactions for its approval or resolution;
(vii) the proposal to the Nomination and Compensation Committee of the appointment and dismissal of members of the Executive Board;
(viii) the appointment and removal of the top managers other than members of the Executive Board;
(ix) the implementation of the limits of authority and determination/implementation of amendments thereto, to the extent that such amendments relate to functions directly or indirectly subordinated to the President & CEO and any material amendments to be subsequently approved by the Board of Directors.

3.7 Information and control instruments vis-à-vis the Executive Board

The Board of Directors recognizes the importance of being fully informed on material matters that may have an impact on the Company and/or the Group. It supervises the Executive Board and controls and monitors the Executive Board's and the Group's performance through reporting and controlling processes and the Board Committees. The fact that the President & CEO is also a member of the Board of Directors supports a regular flow of information between the Board of Directors and the Executive Board. In addition, by way of various means it ensures a sufficient information flow with a view to making its decisions.

The Board of Directors receives a monthly financial report generated by the Company's management information system. The report comprises consolidated financial information and includes an income statement, balance sheet and cash flow statement, including management performance comments by Business Units and communication of key issues. Members of the Executive Board may attend meetings of the Board of Directors, if required, and the CFO and the Head Corporate Affairs attend meetings of the Audit Committee.

The Audit Committee defines and evaluates the most important risks of the Group in a process based on a detailed risk catalog. As a general principle, risks are assessed, monitored and mitigated in a decentralized manner where risks originate, i.e. directly in the business or in the various functional streams, such as Finance, Supply Chain, IT, HR, Legal and Compliance. A centralized risk management function actively supports the Audit Committee by focusing on key strategic risks for the Group and its Business Units. These risks are periodically reviewed jointly with the Executive Board or Business Unit management and reported to the Audit Committee. Additionally, risk management processes are installed in all major country organizations, with a perspective on the local platforms that enable and support the various businesses in a country. Based on the evaluation, a detailed catalog of measures for the most important risks is presented to the Audit Committee in its last meeting during each year, which evaluates the risk matrix resolving a catalog of measures. The most important risks, along with possible measures to prevent and minimize potential damage, are presented to the Board of Directors for consideration and decision-making.

Internal Audit, the external auditors and the governance, risk and compliance function support the Board of Directors in exercising its supervisory and control functions. The internal audit function reports directly to the Chairman of the Board of Directors and the Audit Committee and comprises auditors who travel on a pan-Asian and European basis, completing audit assignments assigned by the Audit Committee. Internal audit presents update reports in each Audit Committee meeting. The compliance function reports to the Head Corporate Affairs and comprises compliance professionals who develop compliance policies, monitor reports regarding compliance matters and conduct investigations into compliance matters.

4. Executive Board

4.1 Members of the Executive Board

The following are summarized biographies of the members of the Executive Board:

Dr. Joerg Wolle, President & CEO
(1957, Swiss and German)

(For biography, see members of the Board of Directors)

Bernhard Schmitt
(1959, German)

Bernhard Schmitt has been the Group Chief Financial Officer since 2011, responsible for Global Accounting & Financial Reporting, Treasury, Controlling and Tax. He has also took over responsibility for the Group-wide IT function starting 2016. He has been a member of the Executive Board since 2009, when he became responsible for Supply Chain, Business Processes and Country Operations. Mr. Schmitt joined DKSH in 2004 as Vice President Central Services in Thailand. Before joining DKSH, he held various positions at Wacker-Chemie, including Head of Controlling since 2004; CFO of Wacker Siltronic AG from 2002 until 2004; and Head of Accounting, Controlling, and Financing for Wacker Siltronic AG from 1996 until 2002. He graduated from the University of Mannheim, Germany, with an MBA equivalent.

Bruno Sidler
(1957, Swiss)

Bruno Sidler took on the newly created function of Chief Operating Officer in 2013. In September 2013, he also joined the Board of Directors of the Neptune Orient Line Group (NOL) as a member of the Executive Committee. Prior to this, Mr. Sidler spent six years with CEVA Logistics, Zurich/Amsterdam, as member of the Executive Board responsible for EMEA and Northern European Business from 2007 until 2010, when he was appointed Chief Operating Officer. Between 1980 and 2006, he held various management positions with the Panalpina Group in Africa, Asia and Switzerland. In 1998, he was appointed CEO of the Panalpina Group. Mr. Sidler completed a commercial education from KV Zurich Business School with a specialization in freight forwarding. He also participated in various management courses at the International Institute for Management Development (IMD) Lausanne, Switzerland.

Martina Ludescher
(1977, Swiss)

Martina Ludescher was appointed Head Corporate Development in 2011, responsible for Human Resources, Strategy, Investor Relations, Corporate Communications, Branding, Internal Consulting, Business Process Re-engineering and Center of Excellence for Digital business. In addition, as of November 2015, Martina Ludescher took over responsibility of both the Luxury & Lifestyle and Gourmet Fine Foods business segments. As Vice President of Strategy and Corporate Communications from 2007, she headed a comprehensive review of DKSH's Corporate and Business Unit strategies in 2009 and built up the Corporate Communications function completing the global re-branding and strategic repositioning of the DKSH corporate brand. Prior to joining DKSH in 2003 as Assistant to the CEO, Martina Ludescher was a Financial Auditor at Credit Suisse First Boston in Zurich. She holds an MBA from the University of St. Gallen, Switzerland.

Stephen Ferraby
(1964, Australian)

Stephen Ferraby was appointed Head Corporate Affairs & Strategic Investments in July 2015, responsible for Mergers & Acquisitions, Governance, Risk and Compliance, Country Organizations, as well as Fashion & Apparel. Mr. Ferraby joined DKSH in 2010 as CFO for DKSH Thailand and was later appointed Head Country Management Team for DKSH Thailand and Regional Vice President Finance for eleven countries in Asia. Prior to joining DKSH, Stephen Ferraby held the position of CFO Asia Pacific at CEVA Logistics and before that was CFO and CEO at a private equity sponsored company. Previously, he spent eleven years at Exel PLC, six years in the UK and five years in Singapore and was appointed CFO Asia Pacific in 2001. From 1985 to 1995, he served in the fields of audit, advisory and corporate finance at Ernst & Young in Australia and the United Kingdom. Stephen Ferraby is a member of the Board of Directors of aCommerce Group. Stephen Ferraby holds a Bachelor's degree in Commerce (First Class) from the University of Birmingham, United Kingdom.

4.2 Other activities and functions

Any activities of members of the Executive Board in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations as well as permanent management and consultancy functions for important Swiss and foreign interest groups and official functions and political posts, that are material, are stated in each of the managers' biographies, which can be found in section 4.1 (Members of Executive Board).

4.3 External mandates

Pursuant to Article 30 of the Articles of Association, the members of the Executive Board may hold a maximum of seven additional mandates in the supreme governing or administrative bodies of legal entities which are required to be registered in the commercial register or in a comparable foreign register and which are not controlled by the Company or which do not control the Company whereby no member may hold more than three such mandates in other listed companies. Mandates in different legal entities which are under common control are deemed as one mandate. In the event that the maximum number of mandates is exceeded, the respective member of the Executive Board must restore the lawful status within six months.

4.4 Management contracts

The Company has not entered into any management contract with any third party.

5. Compensation

For details regarding the compensation and shareholdings of the members of the Board of Directors and of the Executive Board, please refer to the Compensation Report on page 26 of this Annual Report.

6. Shareholders' participation rights

6.1 Voting right restrictions and representation

The voting right may be exercised only if the shareholder (as owner, usufructuary or nominee) is recorded on a specific day (record date) as a voting shareholder in the share register of the Company. Any shareholder with voting rights may be represented by their legal representative, the independent proxy, or, if authorized in writing, by a third party who does not have to be a shareholder. The Company recognizes only one representative per share. The Board of Directors determines the requirements concerning powers of attorney and instructions in accordance with the legal provisions and can issue regulations to this effect. There are no preferential rights for individual shareholders and no voting restrictions. Treasury shares held by the Company do not entitle the holder to vote.

There are no voting right restrictions. Therefore, there are no procedures or conditions for cancelling restrictions and no rules on making exceptions to them. Consequently, no such exceptions were made in 2015, provided, however, that for the discharge of the members of the Board of Directors and of the Executive Board, shareholders who take part in the Company's management in any manner do not have voting rights.

There are no statutory group clauses other than in relation to the rules applicable to nominees. For limitations on transferability and nominee registrations, see section 2.6 "Limitations on transferability and nominee registrations" hereabove.

Independent Shareholder Representative

The General Meeting elects the Independent Shareholder Representative. Natural or legal persons or partnerships may be elected. The term of office of the Independent Shareholder Representative ends with the closure of the next Ordinary General Meeting. Re-election is possible.

If the Company does not have an Independent Shareholder Representative, or if the Independent Shareholder Representative is not able to perform his/her duties, the Board of Directors may appoint one for the next or current General Meeting. Unless a shareholder expressly issues an instruction to the contrary, the proxies and voting instructions retain their validity for the new Independent Shareholder Representative.

The Independent Shareholder Representative may be represented at the General Meeting by auxiliary persons. He/she remains entirely responsible for performing his/her duties. The Independent Shareholder Representative is obliged to exercise the voting rights assigned to him/her by the shareholders in accordance with their instructions. If he/she does not receive any instructions, he/she abstains from voting.

The Board of Directors determines the procedure and the conditions for the assignment of proxies and instructions to Independent Shareholder Representatives in relation to a General Meeting.

The Board of Directors shall ensure that the shareholders have the opportunity to issue to the Independent Shareholder Representative:
(i) voting instructions on any motion concerning agenda items included in the invitation;
(ii) general voting instructions on agenda items that have not been pre-announced and new agenda items pursuant to Art. 700, para 3, of the Swiss Code of Obligations;
(iii) proxies and instructions also electronically.

Proxies and instructions may only be given to the Independent Shareholder Representative for the forthcoming General Meeting. The Board of Directors is authorized to waive the requirement for a qualified electronic signature either fully or partially. The general or implied instruction of a shareholder to the Independent Shareholder Representative to vote in favor of the motions of the Board of Directors is permitted. This also applies to motions, which have not been pre-announced in the invitation of the General Meeting.

6.2 Statutory quorums

The General Meeting may pass resolutions regardless of the number of shareholders present or shares represented by proxy. Except where otherwise mandated by law, all resolutions of the General Meeting are passed by an absolute majority of the votes cast, whereby abstentions, blank and invalid votes are not deemed to be cast.

6.3 Convocation of the General Meeting of shareholders

General Meetings of shareholders are convened by the Board of Directors by way of a notice in the Swiss Commercial Gazette and by way of letters to the shareholders listed in the share register at least 20 calendar days before the relevant meeting. The convocation of a General Meeting may also be requested by one or more shareholders who together represent at least 10% of the share capital.

6.4 Inclusion of items on the agenda
Shareholders who represent shares of a nominal value of CHF 1,000,000 may demand that matters be put on the agenda. This request must be submitted to the Board of Directors in writing, along with the respective motions, at least 45 calendar days before the relevant General Meeting.

6.5 Registrations in the share register
In the invitation to the General Meeting, the Board of Directors states the applicable record date by which shareholders must be registered in the share register to be eligible to participate in and vote at the meeting. In recent years, the Company has set the record date between eleven to sixteen working days before the General Meeting.

7. Change of control and defense measures

7.1 Duty to make an offer
In accordance with article 7 of the Articles of Association, a purchaser of shares in the Company must submit a public takeover offer pursuant to Art. 32 of the Federal Stock Exchange and Securities Trading Act ("SESTA") if it exceeds the threshold of 49% of the voting rights in the Company (opting up).

7.2 Clauses on changes of control
There are no change of control clauses (which would be triggered in the event of a direct or indirect change of control in the Company) in favor of the members of the Board of Directors, the Executive Board or any other senior manager or officer.

The contracts of employment with the members of the Executive Board may have a fixed or indefinite term. The maximum duration for fixed-term contracts and the maximum notice period for contracts of an indefinite term shall be twelve months.

In case of an ordinary termination, all such members of the Executive Board would be entitled to the fixed salary throughout the remainder of the applicable termination period. Furthermore, all such members of the Executive Board may be entitled to annual variable pay, timely pro-rated if applicable, in accordance with the principles as explained in the Compensation Report.

8. Statutory auditors

8.1 Duration of mandate and term of office of the lead auditor
The re-election of Ernst & Young AG, Zurich (EY), as the external statutory auditor of the Company as well as the Group auditor for the business year 2015 was confirmed at the Ordinary General Meeting in 2015 with the declaration of acceptance dated March 31, 2015. The appointment of the auditor is for one year and is renewed annually.

8.2 Auditing fees
The fees charged for auditing services for the year 2015 amounted to CHF 2.1 million.

8.3 Additional fees
In addition to the auditing fees mentioned above, the statutory auditors charged an amount of CHF 0.3 million in 2015. This included tax services (CHF 0.1 million), other audit-related services (CHF 0.1 million) mainly related to support in statutory audits in various countries and sell-side advisory on Maurice Lacroix Group (CHF 0.1 million).

8.4 Informational instruments pertaining to an external audit
The Audit Committee evaluates the performance, fees and independence of the auditors each year according to the following criteria:
(i) quality of the Management Letter;
(ii) global coverage and coordination of the audit instructions;
(iii) meeting the deadlines required to allow the annual results media release to be held on the scheduled date;
(iv) benchmark analysis of the audit fees; and
(v) independence as defined by relevant rules of the Swiss Audit Oversight Act (AOA).

The Audit Committee discusses and reviews the scope of the audits and the feedback resulting therefrom. Based on this information, it determines changes and improvements as necessary. For further information on the responsibilities of the Audit Committee with respect to the external auditors, refer to section 3.5 (Internal organization).

Audit-related and material non-audit-related services (e.g. tax services and other consulting services) that are provided by the auditors must be approved in advance by the Audit Committee.

In the reporting year, the auditors had various contacts with members of the Executive Board and particularly the Chief Financial Officer, whom the auditors met several times in the course of the reporting year. The purpose of such meetings was to report on selected topics, such as preparation of meetings with the Audit Committee and status updates on half-year review and full-year closing.

Additional Fees EY – 2015	CHF
Tax-related services: Additional tax support in China, Switzerland, Taiwan and on GST implementation project in Malaysia	87,200
Other audit-related services: Additional work on statutory audits in Taiwan, Latvia, Switzerland and Malaysia	56,050
Sell-side advisory on Maurice Lacroix Group	125,000
Total	**268,250**

In the reporting year, the auditors attended two meetings with the Audit Committee and several other informal meetings so as to provide status updates on audit matters and the collaboration with the Internal Audit function of the Company to report on the review of the half-year results and the audit of the year-end closing, to assess their own independence and, if required, obtain approvals from the Audit Committee in regard to non-audit-related assignments.

9. Information policy

The Group is committed to ensuring a consistent and transparent information policy that meets the comprehensive needs of the media, analysts, investors and other stakeholders. The Company's objective is to provide financial and business information about the Company's and the Group's historical record, current performance and future prospects that fulfill the best practice standards in reporting.

The Group publishes financial results on a semi-annual basis. The annual results are generally released in February and the half-year results in July.

The Group has established a website at www.dksh.com to ensure a rapid and equitable distribution of information. The Group's website has a section fully dedicated to Investor Relations: www.dksh.com/investors

Media releases, presentations, webcasts, and financial reports are available online under this section. For distribution of ad-hoc notices, DKSH maintains push and pull services, in accordance with applicable laws and regulations, accessible on the Company's website at www.dksh.com/investors-news

Representatives of the Group also regularly meet with the financial community at media conferences, road shows as well as one-on-one meetings. A calendar of upcoming events, such as the publication of the annual and half-year results, media conferences and analyst calls, and the General Meeting of shareholders is available online under the Investor Relations section www.dksh.com/financial-calendar

Management transactions made in 2015 by qualifying members of the Executive Board or other senior managers, which are required to be disclosed by the Group and published by the SIX Swiss Exchange, may be found at www.six-exchange-regulation.com/en/home/publications/management-transactions.html

The Group acknowledges and complies with rules regarding information and reporting specified under the SIX Swiss Exchange Regulation's Directive.

Shareholders may direct investor relations inquiries to:
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investors@dksh.com

Compensation report

People are DKSH's greatest asset. Consequently, DKSH creates a leading organization by consistently attracting, developing and rewarding the best professionals and specialists within its dynamic and complex business environment.

The Compensation Report provides an overview of DKSH remuneration principles and programs as well as information about the method of determination of compensation. Further, this report includes details around the compensation of the members of the Board of Directors and of the Executive Board related to the business year 2015.

This report is written in accordance with the provisions of the Swiss Ordinance against Excessive Remuneration in Public Corporations (the Ordinance), the standards related to information on Corporate Governance issued by the SIX Swiss Exchange as well as the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

DKSH's compensation philosophy and principles

In order to ensure DKSH's success in a highly competitive global business environment with a focus on Asia, it is vital to attract, develop and retain internationally-oriented, successful and engaged employees. The compensation principles are designed to:

(i) provide appropriate reward in a competitive, fast growth business environment;
(ii) support the development of a high performance culture by paying for performance and rewarding outstanding results;
(iii) support sustainable, profitable growth; and
(iv) be globally applicable within a corporate framework.

The ultimate goal of effective compensation is to strengthen the Group's leading industry position for the benefit of the Company's business partners, clients and customers, while delivering the expected returns to shareholders of the Company.

The Group's compensation philosophy is to attract and retain talents in a highly complex business environment in terms of geography, market development and culture, by providing overall compensation in line with relevant competitors, however with greater weight given to variable compensation; hence rewarding excellent results with above-market total compensation packages and placing more compensation at risk. This is in line with the compensation principle of linking compensation to performance and rewarding those who contribute most to the operating performance and earning power of the Group.

Compensation of the members of the Board of Directors

In order to ensure the independence of the Board of Directors in its supervisory function, the members of the Board of Directors, including the President & CEO, are entitled to a fixed base fee for their services, paid in cash (as well as allowances and social security contributions). Each of the Chairmen of the Audit Committee, Strategy Committee and Nomination and Compensation Committee is entitled to an additional committee fee. Each member of the committees is entitled to a committee fee linked to membership in the Audit Committee, in the Strategy Committee and in the Nomination and Compensation Committee.

In addition, the members of the Board are reimbursed for all reasonable cash expenses that are incurred by them in the discharge of their duties, including reasonable expenses for travelling to and from Board meetings, committee meetings and meetings of the shareholders of the Company. Payments are made in Swiss francs.

For the year 2015, the members of the Board of Directors received the following compensation:

in CHF thousands	Function	Director fees (Cash)	Compensation for committees (Cash)	Allowances/ Social security contribution[1]	Total[2]
Adrian T. Keller	Chairman	750	23	11	784
Rainer-Marc Frey	Member	150	72	11	233
Dr. Frank Ch. Gulich	Member	150	23	11	184
David Kamenetzky	Member	150	-	11	161
Andreas W. Keller	Member	150	50	5	205
Robert Peugeot	Member	150	23	5	178
Dr. Theo Siegert	Member	150	100	5	255
Dr. Hans Christoph Tanner	Member	150	75	11	236
Dr. Joerg Wolle	Member/President & CEO	150	23	5	178
Total		**1,950**	**389**	**75**	**2,414**

[1] In compliance with the Ordinance, mandatory employer social security contributions of CHF 34.3 thousand, which provide a right to the maximum future insured government benefit, are included. The total mandatory amount paid by the Company or its affiliates to Swiss governmental social security systems is CHF 134.4 thousand.
[2] All amounts are gross amounts (i.e., before deduction of social security and income tax due by the members).

For the year 2014, the members of the Board of Directors received the following compensation:

in CHF thousands	Function	Director fees (Cash)	Compensation for committees (Cash)	Allowances/ Social security contribution[2]	Total[3]
Adrian T. Keller	Chairman	750	-	11	761
Rainer-Marc Frey	Member	150	50	11	211
Dr. Frank Ch. Gulich	Member	150	-	11	161
David Kamenetzky[1]	Member	106	-	9	115
Andreas W. Keller	Member	150	50	5	205
Robert Peugeot	Member	150	-	5	155
Dr. Theo Siegert	Member	150	100	5	255
Dr. Hans Christoph Tanner	Member	150	75	11	236
Dr. Joerg Wolle	Member/President & CEO	150	-	5	155
Total		**1,906**	**275**	**73**	**2,254**

[1] David Kamenetzky was only elected by the Ordinary General Meeting 2014 on April 15, 2014.
[2] In compliance with the Ordinance, mandatory employer social security contributions of CHF 28.2 thousand, which provide a right to the maximum future insured government benefit, are included. The total mandatory amount paid by the Company or its affiliates to Swiss governmental social security systems is CHF 140.9 thousand.
[3] All amounts are gross amounts (i.e., before deduction of social security and income tax due by the members).

Compensation components for members of the Executive Board

The compensation for members of the Executive Board (including the President & CEO) consists of a fixed element (annual fixed salary and employee benefits) and a variable element (annual variable pay). Depending on their role, members of the Executive Board are currently eligible for the following compensation elements:

(i) annual fixed salary;
(ii) annual variable pay;
(iii) long-term incentive; and
(iv) other employee benefits.

Annual fixed salary

The annual fixed salary for each member of the Executive Board is determined once a year and is the result of a decision by the Board of Directors upon prior recommendation of the Nomination and Compensation Committee and after prior consultation with the President & CEO. For this purpose, the market level for the respective position, individual qualifications and experience and the prevailing local labor market conditions (e.g. for a member of the Executive Board based in Zurich, Swiss labor market conditions, for those based in Asia, pan-Asian and local labor conditions) are taken into account, together with the overall performance assessment of each member of the Executive Board.

Annual variable pay

For the President & CEO as well as for members of the Executive Board, the annual variable pay is directly linked to the achievement of actual financial results. Financial KPI (Key Performance Indicators) are set at Group level for EBIT (Earnings Before Interest and Taxes), RONOC (Return On Net Operating Capital, twelve months average) and PAT (Profit After Tax). The annual variable pay is derived from these KPIs, following a pre-defined formula that is regularly reviewed by the Nomination and Compensation Committee and determined and approved by the Board of Directors. The KPI weightings that define the variable compensation for members of the Executive Board are set for each member of the Executive Board individually. While the COO is incentivized mainly on Group EBIT, Group RONOC and Group PAT, the KPIs for all other members of the Executive Board are geared mainly toward Group PAT and Group RONOC. The payout for the AVP is capped at a maximum of CHF 5.0 million for the CEO and at a maximum of CHF 1.5 million for all other members of the Executive Board. In the fiscal year 2015, variable pay for individual members of Executive Board ranged from 30.8% to 56.1% of their total compensation. On average, variable pay in 2015 for all members of the Executive Board was 45.7% of total compensation. This entrepreneurial approach ensures the alignment of the interests of the President & CEO and Executive Board members to create sustainable value for the Company, its shareholders and its business partners.

Long-term incentive

The Long-term Incentive Plan (LTIP) has been introduced in 2015. Its purpose is to ensure long-term value creation for the Company by providing eligible key managers of the DKSH Group with a possibility to become shareholders of the Company, to participate in the future long-term success and prosperity of the DKSH Group and to further align long-term interest of the key managers and the DSKH Group.

Every business year, a fixed number of performance share units (PSU) shall be granted to eligible key managers by, and at the full discretion of, the Board of Directors; the number of PSU is separately defined for each individual key manager. In principle, each PSU is an entitlement to a maximum of 1.5 shares of the Company, provided certain performance targets (see below) are achieved during the three-year performance period. In case the performance does not reach certain pre-determined thresholds after three years, no shares of the Company will vest under the LTIP.

For the purposes of the LTIP, the Company's long-term performance is gauged by a 50% weighting linked to the EBIT of the DKSH Group as reported in the Company's last annual report prior to the end of the three-year performance period and a 50% weighting linked to the share price measured as the average of the 20 days' closing share price prior to the end of the three-year performance period (jointly the Vesting Multiple). At the end of a three-year performance period, the number of PSU vesting shall be calculated by multiplying the number of granted PSU per key manager with the Vesting Multiple.

Furthermore, shares may be allocated only following the end of a three-year performance period, provided the key manager has a valid employment relationship with the Company at the time of share allocation and subject to pre-determined performance conditions. If the key manager terminates his/her employment contract during a performance period or if the employment contract is terminated by the employer for cause, the PSU shall lapse without any compensation.

Other employee benefits

Other employee benefits are country-specific and structured in accordance with local practice and local legal requirements. The Group regularly reviews its benefit coverage locally and assesses its programs in this area with the support of selected vendors.

All Executive Board members (including the President & CEO), except for two members, are covered by the pension scheme applicable to all employees with a Swiss employment contract. In addition, they are covered in a top-up pension scheme. One Executive Board member is covered under an expatriate off-shore pension plan and the other under a local pension plan ("Superannuation").

For the year 2015, the members of the Executive Board received the following compensation:

in CHF thousands	Dr. Joerg Wolle President & CEO[2]	Other members of the Executive Board[3]	Total[4]
Fixed compensation	1,800	2,014	3,814
Variable compensation – cash	2,877	1,489	4,366
Value of performance share units at grant (LTIP)	700	1,100	1,800
Allowances	124	468	592
Pension/Social security contribution [1]	331	486	817
Total	**5,832**	**5,557**	**11,389**

1 In compliance with the Ordinance, mandatory employer social security contributions of CHF 28.6 thousand, which provide a right to the maximum future insured government benefit, are included. The total mandatory amount paid by the Company or its affiliates to Swiss governmental social security systems is CHF 683.0 thousand.
2 Highest total compensation.
3 Including Marcel Schmid who stepped down from the Executive Board on June 30, 2015 and Gonpo Tsering who retired from the Executive Board on October 31, 2015.
4 All amounts are gross amounts (i.e., before deduction of social security and income tax due by the executives).

For the year 2014, the members of the Executive Board received the following compensation:

in CHF thousands	Dr. Joerg Wolle President & CEO[2]	Other members of the Executive Board	Total[3]
Fixed compensation	1,800	2,051	3,851
Variable compensation – cash	3,119	1,917	5,036
Allowances	126	483	609
Pension/Social security contribution [1]	318	500	818
Total	**5,363**	**4,951**	**10,314**

1 In compliance with the Ordinance, mandatory employer social security contributions of CHF 28.6 thousand, which provide a right to the maximum future insured government benefit, are included. The total mandatory amount paid by the Company or its affiliates to Swiss governmental social security systems is CHF 696.6 thousand.
2 Highest total compensation.
3 All amounts are gross amounts (i.e., before deduction of social security and income tax due by the executives).

Participations

The following tables provide information on the ownership of registered shares in the Company by members of the Board of Directors and the Executive Board as of December 31, 2015, and December 31, 2014, respectively (the table is identical to the one appearing on page 104 of the annual financial statement pursuant to Art. 663c bis CO):

Additional fees, compensation, and loans

Apart from the benefits listed in this report, no other compensation was provided in the year under review 2015 – either directly or via consultancy companies – to the executive and non-executive members of the Board of Directors or to the members of the Executive Board. In addition, as of December 31, 2015, no loans, advances or credits had been granted by the Group or by any of its subsidiary companies to the members of the Board of Directors or the Executive Board, respectively.

Compensation Governance

Authority for decisions related to compensation are governed by the Articles of Association and the Organizational Regulations of DKSH Holding Ltd.

As determined in the Articles of Association and in the Organizational Regulations of DKSH AG, the Nomination & Compensation Committee supports the Board of Directors in the fulfillment of its duties and responsibilities in relation to compensation, including:

Shareholdings by the members of the Board of Directors:

Number of shares held	**2015**	**2014**
Adrian T. Keller	58,026	54,026
Rainer-Marc Frey	2,509,666	2,509,666
Dr. Frank Ch. Gulich	3,066	3,066
David Kamenetzky	125	-
Andreas W. Keller	18,186	18,186
Robert Peugeot	9,666	9,666
Dr. Theo Siegert	71,966	71,966
Dr. Hans Christoph Tanner	1,166	1,166
Dr. Joerg Wolle	940,000	1,188,888
Total	**3,611,867**	**3,856,630**

Shareholdings by the members of the Executive Board:

Number of shares held	**2015**	**2014**
Dr. Joerg Wolle	940,000	1,188,888
Stephen Ferraby	-	-
Martina Ludescher	95,228	126,728
Bernhard Schmitt	141,596	141,596
Bruno Sidler	6,658	6,658
Total	**1,183,482**	**1,463,870**

Marcel Schmid stepped down from the Executive Board on June 30, 2015, at which time he held 22,000 shares of the Company (as of December 31, 2014: 41,680 shares). Gonpo Tsering retired from the Executive Board on October 31, 2015, at which time he held 114,207 shares of the Company (as of December 31, 2014: 238,207 shares).

(i) preparing proposals for submission to the Board of Directors on the compensation policy, including the principles for performance-related compensation and the allocation of securities, conversion or option rights, entitlements or other financial instruments for the Board of Directors and the Executive Board;
(ii) preparing proposals for submission to the Board of Directors on the maximum aggregate compensation for the Board of Directors and the Executive Board pursuant to § 19 and § 28 of the Articles of Association;
(iii) preparing proposals for submission to the Board of Directors on the specific design of the participation plans pursuant to § 28 of the Articles of Association;
(iv) preparing proposals for submission to the Board of Directors on the specific design of the employment contracts of the members of the Executive Board and conditions for termination;
(v) preparing proposals for submission to the Board of Directors on the individual compensation of the members of the Executive Board within the scope of these Articles of Association and subject to approval by the General Meeting, including, but not limited to, the allocation and definition of compensation-relevant performance objectives and further conditions as well as the verification of the fulfilment of conditions or agreed objectives;
(vi) preparing the draft of the annual Compensation Report for submission to the Board of Directors.

Performance management

The actual compensation effectively paid out in a given year to the Executive Board members depends on the Company and on the individual performance. Individual performance is assessed through an annual performance management process: Company and individual performance objectives are approved at the beginning of the business year and achievements against those objectives are assessed after year-end. The performance appraisal is the basis for determination of the actual compensation.

Tasks	CEO	NCC	BoD	AGM
Individual election of the members of the NCC			proposes	approves
Compensation policy and principles, in line with the provisions of the Articles of Association		proposes	approves	
Maximum aggregate amount of compensation for the Board of Directors and for the Executive Board		proposes	proposes	approves
Individual compensation of members of the Board of Directors		proposes	approves	
Individual compensation of the CEO		proposes	approves	
Individual compensation of the other members of the Executive Board	proposes	reviews	approves	
Compensation report		proposes	approves	

Rules in the Articles of Association on compensation

As required by the Ordinance, the Articles of Association of DKSH Holding Ltd. have been revised in 2015 and approved by the shareholders at the last Ordinary General Meeting. The Articles of Association include the following provisions on compensation:
(i) performance-related compensation: the short-term performance-related compensation plans shall be based on performance criteria, which include the performance of the DKSH Group and/or its sub-divisions and/or individual objectives. Achievement of objectives shall be generally measured in the one-year period to which the short-term plan applies. The Board of Directors, assisted by the Nomination and Compensation Committee, determines the performance criteria, the objectives and the degree of objective achievement. The long-term, performance-related compensation plans shall be based on performance criteria, which relate to DKSH Group's strategic objectives (e. g. financial objectives, innovation, shareholder return and/or other benchmarks). The achievement of objectives shall be generally measured in three year periods. The amount of the long-term compensation pay-out is limited. The long-term performance-related compensation may be paid in cash or in the form of share-based compensation (such as restricted or unrestricted shares, entitlements or subscription rights on shares) or compa-

rable instruments, other benefits or in specie. The Board of Directors, assisted by the Nomination and Compensation Committee, determines the conditions for the design, the definitive entitlement (vesting), the blocking period, the vesting and the forfeiture of the compensation granted. These conditions may provide for the extension, accelerated vesting or other requirements concerning the allocation, acquisition or forfeiture of rights as a result of certain pre-defined events such as the termination of the employment or of the mandate. The Board of Directors determines the evaluation criteria for the individual compensation on the basis of the principles applying to the preparation of the Compensation Report.

(ii) duration of employment contracts, loans, credit-facilities and post-employment benefits: The Company (or companies controlled by it) may enter into contracts with members of the Board of Directors as to their compensation for a fixed term of one year. Similarly, the contracts of employment with the members of the Executive Board may have a fixed or indefinite term, while the maximum duration for such fixed-term contracts and the maximum notice period for contracts of an indefinite term shall be twelve months. The Company (or its subsidiaries) may, to the extent permissible by law, compensate members of the Board of Directors and of the Executive Board for any disadvantages resulting from legal proceedings or settlements relating to their activities on behalf of the Company or subsidiaries, advance corresponding payments and take out relevant insurance policies. Such payments are not deemed to be compensation, loans or credit. In addition, the Company (and its subsidiaries) may offer members of the Executive Board retirement benefits (such as pensions, the purchase of health insurance policies and so forth) outside of the occupational pension scheme and pay these out after their departure. Such retirement benefits outside of the occupational pension scheme may not exceed CHF 850,000 a year. The employment contracts of the Executive Board members may provide for post-contractual non-competition undertakings up to a maximum of twelve months whereby the compensation for non-competition may not exceed the timely pro-rated fixed annual compensation prior to termination.

(iii) vote on pay: Concerning the approval of compensation amounts by the General Meeting, the total amount of compensation for the Board of Directors shall be approved annually by the General Meeting in a binding vote for their following term of office, while the maximum amount of compensation of the Executive Board shall be approved in the same manner for the following financial year. If the General Meeting rejects the proposal of the Board of Directors for the maximum aggregate compensation of the Board of Directors and/or of the Executive Board, the Board of Directors shall decide on how to proceed. In particular, the Board of Directors may convene an Extraordinary General Meeting for the purpose of submitting a new compensation proposal or determine compensation for the current financial year on an interim basis subject to subsequent approval by the next Ordinary General Meeting. The Board of Directors may continue to pay out compensation to the individual members of the Board of Directors or of the Executive Board subject to claw-back rights as may be required by mandatory law. There shall be an additional amount of 30% of the maximum aggregate compensation already approved for the Executive Board for the relevant compensation period available for all members of the Executive Board being appointed after the General Meeting which already resolved the maximum aggregate compensation for the Executive Board. This additional amount applies separately for each compensation period for which approval has been granted by the General Meeting. The General Meeting is not required to approve the actual additional amount used. The additional amount may also be used as compensation for disadvantages relating to the change of position (in cash or in the form of share-based compensation) and in the event of promotions within the Executive Board.

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To the General Meeting of
DKSH Holding Ltd., Zurich

Zurich, February 5, 2016

Report of the statutory auditor on the compensation report

We have audited the compensation report (pages 27 to 33) dated February 5, 2016, of DKSH Holding Ltd. for the year ended December 31, 2015. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance).

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report for the year ended December 31, 2015, of DKSH Holding Ltd. complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Andreas Bodenmann
Licensed audit expert
(Auditor in charge)

Nathalie Balett
Licensed audit expert

Management's discussion & analysis

The management review of the Group outlines an in-depth analysis of the financial year 2015 and provides an outlook into DKSH's further growth.

Summary

Being the leading Market Expansion Services provider with a focus on Asia, DKSH increased Group net sales and profit in a challenging market environment.

Net sales grew by 2.4% to CHF 10.1 billion. Organic growth was 4.0% and 0.4 percentage points resulted from M&A activities. Exchange rate fluctuations reduced net sales by 2.0%. At constant exchange rates, net sales increased by 4.4% to CHF 10.2 billion.

Thereby, DKSH once again demonstrated the robustness, balance and resilience of its business model in a difficult market environment and emphasizes the unique position which the company has built up over many years.

DKSH generated an operating profit (EBIT) at approximately last year's level of CHF 270.2 million. At constant exchange rates, EBIT of CHF 275.3 million was even slightly above the previous year's figure (CHF 272.7 million).

Profit after tax of CHF 199.6 million was 2.1% higher than the year before and at constant exchange rates up 3.7%. Free Cash Flow added up to CHF 190.8 million. Earnings per share increased by 5.4%.

Business Units Healthcare, Technology and Performance Materials achieved excellent results in 2015. Political uncertainty, the resulting subdued consumer sentiment and overall deteriorating economic conditions led profit of Business Unit Consumer Goods to decline compared with last year. In Thailand, a tense political situation as well as terror attacks during summer impacted market conditions. While in Malaysia, in addition to the political disturbances, low commodity prices and the devaluation of the local currency impacted business. Within Business Unit Consumer Goods, the luxury goods business was substantially affected by the weak demand in Asia, the ongoing industry consolidation and the strong Swiss franc. The restructuring measures in this area will be continued.

Return on equity (ROE) reached a solid 13.4% (13.3% in 2014) and return on net operating capital (RONOC) achieved 24.3% (24.2% in 2014).

At year-end 2015, DKSH employed 28,340 specialists worldwide, representing an increase of 790 employees or 2.9% compared to 2014.

During 2015, DKSH enhanced its infrastructure and capacity to enable further growth. Several new distribution centers were opened to provide clients and customers additional services.

In June 2015, the growth platform in Taiwan was enhanced with the opening of a new distribution center in Taoyuan. The 20,000 square meter state-of-the-art facility opens new doors for consumer goods and e-commerce companies seeking to grow their business in Taiwan.

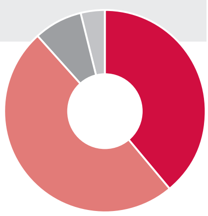
With the opening of a new 19,200 square meter consumer goods and healthcare distribution center in Kota Kinabalu in East Malaysia in August 2015, DKSH aims to capture opportunities in this promising area. Well-connected to the surrounding transportation network, it allows DKSH to directly serve DKSH's consumer goods and healthcare customers in the region, including modern and traditional retail outlets, hospitals, clinics and pharmacies.

To address Cambodia's fast-growing demand for consumer goods by the rapidly expanding middle class, DKSH also opened a new 4,400 square meter distribution center in Phnom Penh. Specified areas allow DKSH to offer a wide range of value-added services, including re-packaging, co-packing and labeling. The facility is operated by a state-of-the-art warehouse management system and is connected to DKSH's global IT platform.

Net sales by region in %

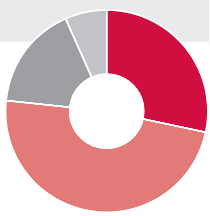
33.2 Thailand
31.7 Greater China
19.2 Malaysia/Singapore
12.3 Rest of Asia Pacific
3.6 Rest of the world

Net sales by Business Unit in %



39.0 Consumer Goods
49.5 Healthcare
7.8 Performance Materials
3.7 Technology

EBIT by Business Unit[1] in %



28.5 Consumer Goods
48.4 Healthcare
16.6 Performance Materials
6.5 Technology

[1] EBIT excl. effects of CMS transaction and luxury goods business and segment "Other"

In March 2015, DKSH sold the two own pharmaceutical brands Combizym and Hirudoid, the latter for the Chinese market only, to China Medical Systems (CMS), a leading Chinese pharmaceutical services provider. The transaction allows DKSH to consistently implement its China strategy for sustainable, profitable growth as a Market Expansion Services provider in selective niches.

In December 2015, DKSH formed a strategic partnership with aCommerce, the leading e-commerce solutions provider in South East Asia. Acquiring a strategic 20% equity stake in aCommerce proves DKSH's commitment to further strengthen its omni-channel approach, thereby selling client products through both the well-established offline trade channels and the fast-growing online channels. With more than 850 employees, aCommerce is the leading regional e-commerce solutions provider with a strong presence in Indonesia, Thailand and the Philippines. The company provides solutions to bring clients and retailers into online retailing, including channel management, performance marketing, content production, customer service, platform design, e-fulfillment and B2C delivery and logistics.

With the acquisition of Andreas Jennow in July 2015, DKSH Business Unit Performance Materials complements its geographic coverage in Europe and strengthens its position as a pan-European Market Expansion Services provider. Founded in 1916, Andreas Jennow is a leading specialty chemicals distributor and major supplier of raw materials in Northern Europe and in the Baltics. Andreas Jennow offers the full product range for the specialty chemicals and personal care industries.

With all these activities taken, DKSH confirmed its strategy to focus on core competences and act as consolidator in the fast-growing, yet still highly fragmented Market Expansion Services industry.

Consolidated statement of financial position

Total assets grew by 2.6% to CHF 4,095.8 million in 2015. Cash and cash equivalents increased by 45.2% to CHF 571.4 million, due to sound working capital management. The Group's net cash position grew by CHF 176.3 million to CHF 468.8 million for the same reason and the sale of two own pharmaceutical brands to CMS earlier this year.

Thanks to the underlying profit growth, and compared to year-end 2014, total equity increased by 3.3% to CHF 1,539.7 million, translating into an equity ratio of 37.6% (37.3% at year-end 2014).

Return on net operating capital (RONOC) reached 24.3%, calculated as EBIT versus average of net operating capital (24.2% in 2014).

Cash Flow

Free Cash Flow was CHF 190.8 million. Net cash from operations reached CHF 244.9 million. The good result was achieved through tight working capital management. For investing activities, the company had a net inflow of CHF 4.1 million, as DKSH received CHF 76.6 million, principally from the sale of two own healthcare products in China to CMS which balanced-out the cash outflow for Capex and payments for the acquisitions of Andreas Jennow and participation in aCommerce. Cash outflow from financing activities was CHF 58.4 million, including CHF 75.9 million for dividend payments. Cash and cash equivalents at end December 2015 were CHF 571.4 million, an increase of CHF 177.8 million compared to year-end 2014.

Business Units

Consumer Goods

In 2015, net sales decreased by 5.3% to CHF 3.9 billion. At constant exchange rates net sales declined by 2.7% to CHF 4.0 billion.

Continuing challenging market conditions in Thailand, Malaysia as well as Hong Kong and the subdued consumer sentiment led to lower consumption of fast moving consumer goods especially in the premium segment and impacted net sales. Other markets only partially offset this decline. Furthermore, a shift in consumption towards low-priced products occurred, which reduced margins. The weak demand in Asia, the ongoing industry consolidation and the strong Swiss franc affected the luxury goods business substantially. EBIT excluding the effect from the luxury goods business (–CHF 58.7 million) decreased by 32.5% to CHF 88.4 million. At constant exchange rates, EBIT was CHF 90.6 million (–30.8%). Including the luxury goods restructuring, reported EBIT was CHF 29.7 million.

DKSH remains, however, well positioned to benefit from the growing demand for consumer goods by the Asian middle class. Moreover, expanding inner-Asian trade is also a growth driver for DKSH's business model of supporting Asian manufacturers to expand within Asia itself. Last but not least, the trend for companies to outsource non-core activities like product registration, marketing, sales, distribution and cash collection is also supporting growth in Business Unit Consumer Goods.

Healthcare

For Business Unit Healthcare, net sales grew 9.4% year-on-year to CHF 5.0 billion, with all major countries contributing to this growth. At constant exchange rates, net sales increased by 10.2% to CHF 5.0 billion.

EBIT excluding the CMS transaction (CHF 64.5 million) increased over-proportionally by 16.9% to CHF 150.5 million due to strong organic growth with existing clients, multiplying success stories from country to country and new business development.

Group	At constant exchange rates[1]				
in CHF millions	2015	Change in %	2015	Change in %	2014
Net sales	10,246.4	4.4	10,050.8	2.4	9,818.2
EBIT	275.3	1.0	270.2	(0.9)	272.7
EBIT margin (in %)	2.7	-	2.7	-	2.8

Consumer Goods	At constant exchange rates[1]				
in CHF millions	2015	Change in %	2015	Change in %	2014
Net sales	4,033.1	(2.7)	3,925.6	(5.3)	4,143.2
EBIT[2]	90.6	(30.8)	88.4	(32.5)	130.9
EBIT margin (in %)[2]	2.2	-	2.3	-	3.2

Healthcare	At constant exchange rates[1]				
in CHF millions	2015	Change in %	2015	Change in %	2014
Net sales	5,008.6	10.2	4,971.0	9.4	4,544.0
EBIT[3]	149.7	16.3	150.5	16.9	128.7
EBIT margin (in %)[3]	3.0	-	3.0	-	2.8

Performance Materials	At constant exchange rates[1]				
in CHF millions	2015	Change in %	2015	Change in %	2014
Net sales	828.2	5.9	782.5	0.1	781.9
EBIT	54.3	3.4	51.4	(2.1)	52.5
EBIT margin (in %)	6.6	-	6.6	-	6.7

Technology	At constant exchange rates[1]				
in CHF millions	2015	Change in %	2015	Change in %	2014
Net sales	377.0	7.9	372.2	6.5	349.5
EBIT	20.2	75.7	20.1	74.8	11.5
EBIT margin (in %)	5.4	-	5.4	-	3.3

1 Constant exchange rates: 2015 figures converted at 2014 exchange rates (CER)
2 Excl. effect from luxury goods business (–CHF 58.7 million)
3 Excl. CMS transaction (CHF 64.5 million)

Economies of scale enabled an increase in terms of profitability. At constant exchange rates, EBIT rose by 16.3% to CHF 149.7 million. Including the CMS transaction, reported EBIT was CHF 215.0 million.

The rising Asian middle class is a growth driver for Business Unit Healthcare as it creates increased demand for pharmaceuticals, over-the-counter healthcare products and medical devices. The South East Asian healthcare market overall still benefits from a high under-penetration in most countries. This means that pharmaceutical products are still not available for all consumers, for example in Myanmar or Cambodia. However, we are witnessing a tougher competitive environment, a key challenge for 2016.

Stricter regulation of pricing, the establishment of generics and bio-similar competition as well as capability and resource constraints often lead clients to outsource more and more parts of their value chain to Market Expansion Services providers. This in turn should drive our growth.

Further distribution center openings in 2015 are a sign of our additional growth. We aim to continue this expansion, as we move forward and look further to a promising business development pipeline.

Performance Materials

Net sales grew slightly by 0.1% to CHF 782.5 million. At constant exchange rates, net sales increased by 5.9% to CHF 828.2 million.

EBIT decreased by 2.1% to CHF 51.4 million, but at constant exchange rates increased by 3.4% to CHF 54.3 million. Besides the currency effect derived from a weak Euro and Japanese yen, EBIT has been further impacted on a transactional basis. The cost of raw materials sourced in Asia and Europe, and converted into Euro and yen, rose as a result of those currency devaluations. While these exchange rate effects are hedged, the corresponding gains are reported in the net finance result below the EBIT line. Accordingly, this led to a reallocation from EBIT to profit after tax. Without this reallocation effect and at constant exchange rates, EBIT would have increased in the high single-digits.

Moreover, DKSH acquired the company Andreas Jennow, a top-ranking specialty chemicals distributor in Northern Europe. With this move, DKSH is driving forward consolidation of the chemicals distribution industry.

Technology

Last year's completed management change in Business Unit Technology led to an improvement in results. Net sales increased by 6.5% to CHF 372.2 million. At constant exchange rates, net sales rose by 7.9% to CHF 377.0 million. The Business Unit recorded positive top line development across major markets such as Japan, China and Hong Kong. The higher demand for precision and textile machinery was one of the growth drivers showing the strong positioning of DKSH in these industries. More and more technology companies are reaching out to providers of Market Expansion Services like DKSH to access Asian customers.

EBIT over-proportionally increased by 74.8% to CHF 20.1 million (at constant exchange rates CHF 20.2 million, 75.7%) against the backdrop of improved performance in most markets.

Other (non-Business Unit)

Other expenses, amounting to CHF 46.0 million in 2015, are not allocated to Business Units and primarily include corporate services expenses. The amount in 2015 was lower than in 2014 due to DKSH's focus to further drive cost efficiencies.

Regional performance

In a challenging political situation, net sales in DKSH's largest country, Thailand, remained broadly flat at constant exchange rates when compared to previous year. The Greater China region as well as the region Malaysia/Singapore grew at a mid-single-digit rate. Growth in the rest of Asia Pacific on average was double-digit where DKSH is well positioned in frontier markets like Vietnam, Myanmar, Cambodia and Laos. These markets are fast-growing and continued strategic investments took place in 2015 to provide additional capacities for offering market entry support to new and existing clients. The solid Group net sales growth in challenging market conditions is as well attributable to the broad presence of DKSH with regards to markets, industries and services.

Outlook

With its diversified and scalable business model, DKSH is ideally positioned to benefit from the growing middle class, rising inner-Asian trade and increased outsourcing to specialized service providers like DKSH.

Due to the robust business model and intact long-term growth drivers in Asia, DKSH is confident to gain further market share also in periods of high volatility. When in addition an upswing in the core markets occurs, net sales and profit growth should continue in 2016 and the following years.

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Consolidated income statement

in CHF millions [1]	Notes[2]	2015	2014
Net sales	4	10,050.8	9,818.2
Other income	5	89.0	25.4
Goods and materials purchased and consumables used		(8,669.9)	(8,438.3)
Employee benefit expenses	6	(545.9)	(527.4)
Depreciation, amortization and impairments	14/16	(71.6)	(42.3)
Other operating expenses	7	(586.8)	(569.7)
Share of profit of associates and joint ventures	17/18	4.6	6.8
Operating profit (EBIT)		**270.2**	**272.7**
Net finance result	8	3.4	(6.2)
Gain on sale of shareholding	28	0.7	-
Profit before tax		**274.3**	**266.5**
Income tax expenses	9	(74.7)	(71.0)
Profit after tax		**199.6**	**195.5**
Attributable to:			
Shareholders of the Group		202.6	192.2
Non-controlling interest		(3.0)	3.3
Earnings per share for profit attributable to the shareholders of the Group			
Basic earnings per share	26	3.12	2.96
Diluted earnings per share	26	3.11	2.96

[1] Except for earnings per share (in CHF)
[2] The accompanying notes on pages 47 to 94 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

in CHF millions	Notes[1]	2015	2014
Profit after tax		**199.6**	**195.5**
Other comprehensive income			
Net gain on available-for-sale financial assets, net of tax of CHF 0.0 million in current and prior period		1.0	0.3
Net loss on interest rate swap, net of tax of CHF 0.0 million		(0.2)	-
Net investment hedges, net of tax of CHF 0.0 million in current and prior period		(0.4)	(3.6)
Recycling of currency translation losses	28	0.2	-
Currency translation differences		(72.9)	58.3
Items that may be reclassified to profit or loss		**(72.3)**	**55.0**
Remeasurement losses on defined benefit plans, net of tax of CHF 0.5 million in current and CHF 1.0 million in prior period		(2.2)	(4.3)
Items that will not be reclassified to profit or loss		**(2.2)**	**(4.3)**
Other comprehensive income		**(74.5)**	**50.7**
Total comprehensive income		**125.1**	**246.2**
Attributable to:			
Shareholders of the Group		134.4	241.4
Non-controlling interest		(9.3)	4.8

[1] The accompanying notes on pages 47 to 94 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

in CHF millions	Notes[1]	2015	2014
Cash and cash equivalents	10	571.4	393.6
Trade receivables	11	1,801.9	1,869.8
Inventories	13	978.8	974.0
Prepaid expenses		31.3	35.1
Other receivables	15	315.9	295.0
Current income tax receivable		8.8	12.2
Current assets		**3,708.1**	**3,579.7**
Intangible assets	14	130.1	158.7
Other receivables	15	3.1	2.6
Property, plant and equipment	16	128.5	133.2
Financial assets	12	21.5	23.1
Investments in associates and joint ventures	17/18	58.4	39.7
Retirement benefit assets	24	4.7	9.3
Deferred tax assets	19	41.4	44.8
Non-current assets		**387.7**	**411.4**
Total assets		**4,095.8**	**3,991.1**
Borrowings	20	26.3	72.2
Trade payables		1,946.2	1,887.5
Current income tax liabilities		34.2	29.7
Other payables and accrued expenses	21	421.8	407.7
Current provisions	22	3.5	5.8
Current liabilities		**2,432.0**	**2,402.9**
Borrowings	20	76.3	28.9
Other non-current liabilities	23	6.0	23.0
Deferred tax liabilities	19	10.9	16.0
Non-current provisions	22	4.7	3.1
Retirement benefit obligations	24	26.2	27.3
Non-current liabilities		**124.1**	**98.3**
Total liabilities		**2,556.1**	**2,501.2**
Share capital		6.5	6.5
Reserves and retained earnings		1,502.7	1,442.5
Equity attributable to the shareholders of the Group		**1,509.2**	**1,449.0**
Non-controlling interest		**30.5**	**40.9**
Total equity		**1,539.7**	**1,489.9**
Total equity and liabilities		**4,095.8**	**3,991.1**

[1] The accompanying notes on pages 47 to 94 form an integral part of these consolidated financial statements.

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, 2014	**6.4**	**(178.1)**	**234.2**	**1,214.7**	**1,277.2**	**37.9**	**1,315.1**
Profit after tax	-	-	-	192.2	192.2	3.3	195.5
Other comprehensive income	-	53.2	-	(4.0)	49.2	1.5	50.7
Total comprehensive income	**-**	**53.2**	**-**	**188.2**	**241.4**	**4.8**	**246.2**
Change in ownership	-	-	-	(0.8)	(0.8)	0.8	-
Capital increase for incentive plans	0.1	-	-	(0.1)	-	-	-
Share-based payment transactions	-	-	-	2.0	2.0	-	2.0
Dividend	-	-	-	(70.8)	(70.8)	(2.6)	(73.4)
As of December 31, 2014	**6.5**	**(124.9)**	**234.2**	**1,333.2**	**1,449.0**	**40.9**	**1,489.9**
Profit after tax	-	-	-	202.6	202.6	(3.0)	199.6
Other comprehensive income	-	(66.8)	-	(1.4)	(68.2)	(6.3)	(74.5)
Total comprehensive income	**-**	**(66.8)**	**-**	**201.2**	**134.4**	**(9.3)**	**125.1**
Share-based payment transactions	-	-	-	0.6	0.6	-	0.6
Dividend	-	-	-	(74.8)	(74.8)	(1.1)	(75.9)
As of December 31, 2015	**6.5**	**(191.7)**	**234.2**	**1,460.2**	**1,509.2**	**30.5**	**1,539.7**

The accompanying notes on pages 47 to 94 form an integral part of these consolidated financial statements.

Consolidated cash flow statement

in CHF millions	Notes[1]	2015	2014
Profit before tax		**274.3**	**266.5**
Non-cash adjustments			
Depreciation, amortization and impairments on			
Property, plant and equipment	16	33.3	31.8
Intangible assets	14	38.3	10.5
Recycling of currency translation losses of business disposed	28	0.2	-
Share-based payment transaction expense	27	0.6	2.0
Gain on sale of tangible assets, intangible assets and financial assets	5/7	(70.4)	(0.3)
Net finance result	8	(3.4)	6.2
Share of profit of associates and joint ventures	17/18	(4.6)	(6.8)
Dividend received from associates and joint ventures		3.8	3.9
Gain on sale of shareholdings	28	(0.7)	-
Change in provisions and other non-current liabilities		(20.5)	6.8
Change in other non-current assets		1.5	(0.4)
Working capital adjustments			
Increase in trade and other receivables and prepayments		(94.7)	(178.9)
Increase in inventories		(79.8)	(83.3)
Increase in trade and other payables		241.4	254.5
Interest received		1.9	1.3
Interest paid		(5.4)	(5.3)
Taxes paid		(70.9)	(81.9)
Net cash flows from operations		**244.9**	**226.6**
Proceeds from sale of property, plant and equipment		2.0	3.7
Purchase of property, plant and equipment		(39.3)	(31.4)
Proceeds from sale of intangible assets		76.6	0.1
Purchase of intangible assets		(14.8)	(6.8)
Proceeds from sale and repayment of financial assets		3.4	1.5
Purchase of financial assets		(16.4)	(0.3)
Acquisition of subsidiary net of cash	28	(8.7)	(37.4)
Disposal of subsidiary net of cash	28	1.3	-
Net cash flows from/(used in) investing activities		**4.1**	**(70.6)**

in CHF millions	Notes[1]	2015	2014
Proceeds from current and non-current borrowings		107.7	70.9
Repayment of current and non-current borrowings		(91.0)	(95.7)
Dividend paid	25	(74.8)	(70.8)
Net proceeds from net investment hedges		0.8	(1.4)
Dividend paid to non-controlling interest		(1.1)	(2.6)
Net cash flows used in financing activities		**(58.4)**	**(99.6)**
Cash and cash equivalents, as of January 1		**393.6**	**324.5**
Effect of exchange rate changes		(12.8)	12.7
Net increase/(decrease) in cash and cash equivalents		190.6	56.4
Cash and cash equivalents, as of December 31		**571.4**	**393.6**

[1] The accompanying notes on pages 47 to 94 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General information

DKSH (the "Group") is a Market Expansion Services Group with a focus on Asia. DKSH helps other companies and brands to grow their business in new or existing markets with 28,340 specialized staff.

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 Group's fields of expertise: Consumer Goods, Healthcare, Performance Materials and Technology.

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

These consolidated financial statements include the consolidated financial statements of the Group and its subsidiaries as of December 31, 2015. They were approved by the Board of Directors on February 5, 2016.

2. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

Basis of preparation
The consolidated financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS). The financial statements have been prepared on an accruals basis and under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. All amounts are in millions of Swiss francs unless otherwise stated.

(a) Consolidation
Subsidiaries, being those companies in which the Group, directly or indirectly, has power to exercise control over the financial and operating policies, have been consolidated. The cost of an acquisition is measured as the fair value of the consideration given, including contingent consideration and the fair value of any previous equity interest. Acquisition-related costs are expensed as incurred.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Non-controlling interest is shown as a component of equity in the statement of financial position and the share of the profit attributable to non-controlling interest is shown separately on the face of the income statement.

All intercompany transactions, balances and unrealized surpluses and deficits on transactions between Group companies are eliminated on consolidation.

A listing of the Group's principal subsidiaries is set out in Note 34. The financial effect of the acquisitions and disposals is shown in Note 28.

Business combinations and related goodwill

The excess of the cost of an acquisition over the fair value of the net identifiable assets, liabilities and contingent liabilities acquired is capitalized. If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in other income in the income statement. Goodwill arising on acquisitions does not include any intangible assets acquired when these are separately identifiable and can be reliably measured.

Goodwill is considered to have an indefinite life and is not amortized but tested for impairment at least annually and upon the occurrence of an indication of impairment. The impairment testing process is described in section (i) of these policies.

The difference of the cost of an acquisition of non-controlling interest over the carrying amounts of net assets acquired is recognized directly in equity.

(b) Investments in associates and joint ventures

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associates and joint ventures are accounted for by using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted by recognizing changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associate or joint venture. Any changes in Other Comprehensive Income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change directly recognized in the equity of the associate or joint venture, the Group recognizes its share of these changes, if applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The Group's share of profit or loss of an associate or a joint venture is reported in operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines whether it is necessary to recognize an impairment on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as "Share of profit of an associate and a joint venture" in the income statement.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

(c) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the appropriate classification of its financial assets at initial recognition and re-evaluates such designation at every reporting date.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the near term. This category includes derivative financial instruments as discussed in section (d). All purchases and sales of financial assets are recognized on the trade date, which is the date that the Group commits to purchase or sell the asset. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within twelve months of the financial reporting date. Any changes in fair value are recognized in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets. These loans and receivables have fixed or determinable payments that are not quoted in an active market and are recognized at the respective settlement date. They are included in current assets, except for maturities greater than twelve months after the financial reporting date. These are classified as non-current assets.

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties, lack of creditworthiness of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that a trade receivable is impaired.

The carrying amount of the asset is reduced by the use of an allowance account, and the amount of the loss is recognized in the income statement within other expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other income in the income statement.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. All purchases and sales of available-for-sale financial assets are recognized on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of purchase includes transaction costs. Available-for-sale financial assets are subsequently carried at fair value. Unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income in the period in which they arise, until the asset is disposed of, at which date the cumulative gains or losses are realized and transferred from other comprehensive income to the income statement.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss, while translation differences on non-monetary securities are recognized in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income. Impairments made on available-for-sale monetary assets are recognized in the income statement upon obtaining objective evidence that the decline in fair value is significant and not temporary.

Available-for-sale financial assets are included in non-current assets unless management intends to dispose of the financial asset within twelve months of the financial reporting date.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of interest income.

(d) Derivatives and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations.

Such instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. The full fair value of a derivative is classified as a non-current asset or liability when it matures more than twelve months after the reporting date; it is classified as a current asset or liability when it matures within twelve months of the reporting date. Any gains or losses arising from changes in fair value on derivatives during the year are taken directly to the income statement.

Additionally, the Group designates some forward contracts as hedges of net investments in foreign operations. Gains and losses from these contracts are recorded directly in other comprehensive income and will be recycled to the income statement on disposal of the underlying investment. Effectiveness for the forward contracts is measured monthly using the forward basis. Each month the cumulative movement in intrinsic value is compared to the movement in the notional underlying value.

The Group does not enter into any derivatives without underlying exposure.

Derivative assets are included in other receivables, and derivative liabilities are included in other payables and accrued expense in the statement of financial position.

(e) Foreign currency translation

The Group's financial statements are presented in Swiss francs (CHF), which is also the parent's functional currency. Income statements of foreign entities are translated into CHF at the average exchange rates for the year, while the statements of financial position are translated at the year-end exchange rates as of December 31. Exchange differences arising from the translation of the net investment in foreign subsidiaries and associated undertakings, and of borrowings that hedge such investments, are included in other comprehensive income. On disposal of a foreign entity, the accumulated exchange differences are recognized in the income statement as part of the gain or loss on sale.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and the circumstances relevant to that entity ("the functional currency"). The functional currency of an entity is reviewed regularly.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary items are carried at historical cost using the spot rate at acquisition.

(f) Research and development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects are capitalized to the extent that such expenditure is expected to create future economic benefits.

(g) Intangible assets

Expenditure to acquire distribution contracts, patents, trademarks and licenses is capitalized and amortized using the straight-line method over their useful lives, not exceeding 20 years.

Software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized using the straight-line method over their estimated useful lives (three to five years).

(h) Property, plant and equipment

Property, plant and equipment is initially recorded at cost. The Group applies the straight-line depreciation method.

Such tangible fixed assets are depreciated to their residual values over their estimated useful life as follows:

Buildings	25 to 35 years
Machinery/tools, furniture/fixtures	5 to 10 years
IT/communication	3 to 5 years
Vehicles	5 years

Land is not depreciated as it is deemed to have an indefinite life. Leasehold improvements are depreciated over the shorter of their useful life and the remainder of the non-cancellable lease term.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalized as part of the cost of the asset, during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in other operating income or other operating expense.

(i) Impairment of assets

Goodwill and indefinite-life intangible assets

Goodwill and indefinite-life intangible assets are tested for impairment at least annually and upon the occurrence of an indication of impairment. The impairment tests are performed annually at the same time each year at the cash-generating unit (CGU) level. The Group defines its CGUs based on the way that it monitors and derives economic benefits from the acquired goodwill and intangibles. The impairment tests are performed by comparing the carrying value of the assets of these CGUs with their recoverable amount. The recoverable amount is the greater of the fair value less cost to sell and value-in-use. Generally, the Group starts with a value-in-use calculation based on the future projected free cash flows discounted at an appropriate after-tax rate of return. These calculations use free cash flow projections for the next five years based on financial budgets and economic growth rates approved by the Executive Board. The discount rate reflects the current assessment of the weighted average cost of capital and the risks specific to the CGUs (essentially country risks).

Impairment of property, plant and equipment and finite-life intangible assets

Consideration is given at each financial reporting date determining whether there is any indication of impairment of the carrying amount of the Group's property, plant and equipment and finite-life intangible assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the fair value less costs to sell and value-in-use. In assessing the value-in-use, the estimated future cash flows are discounted to their present value based on a country-specific weighted average cost of capital rate of the country where the assets are located, adjusted for risks specific to the asset.

(j) Finance and operating leases

Leases where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets under finance leases are capitalized at the estimated present value of the underlying future lease payments and depreciated over the useful life of the asset. The corresponding rental obligations, net of finance charges, are included in other non-current liabilities.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Rental payments are charged to the income statement on a straight-line basis over the period of the lease.

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income disclosed under other receivables. Interest income is recognized over the term of the lease so as to yield a constant interest rate of return on the net investment of the lease.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recorded on a straight-line basis over the lease term.

(k) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined based on the weighted average cost method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs and related production overheads, but excludes interest expense.

Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. A provision is established for slow moving and scrap items on stock.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, current account deposit balances at banks and investments in money market accounts having an original maturity of three months or less. Bank overdrafts are included in borrowings as part of current liabilities.

(m) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest rate method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings.

Borrowings are classified as current unless the liability matures only after twelve months after the reporting date, or the Group has an unconditional right to defer settlement of the liability for at least twelve months after the financial reporting date.

(n) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The Group recognizes a warranty provision on all products still under warranty at the financial reporting date. This provision is calculated based on service histories. Provision is also made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the financial reporting date.

(o) Share-based payments

The Group has equity-settled, share-based compensation plans, under which it receives services from qualifying employees in exchange for equity instruments. The employee services received in exchange for the grant of the equity-settled payments are measured at the fair value of the equity instruments granted and are recognized as expenses, with a corresponding increase in equity over the period that the employees become unconditionally entitled to the awards. The fair values of equity-settled payments are measured at the dates of share grant using a Discounted Cash Flow (DCF) pricing model.

(p) Retirement benefit assets and obligations

The Group operates a number of defined benefit pension plans in various countries that, in some cases require, contributions to be made to a separately administered fund. In some countries, the Group's employees participate in state-controlled pension schemes, especially through Provident Funds.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the income statement in subsequent periods.

Past service costs are recognized in the income statement on the earlier of:
- The date of the plan amendment or curtailment, or
- The date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under "expenses for defined benefit pension plans" in employee benefit expenses:
- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest cost

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary resignation. Benefits falling due more than twelve months after financial reporting date are discounted to present value.

(q) Current and deferred income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial reporting date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, provisions for pensions and other post-retirement benefits.

Deferred tax assets relating to the carryforward of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available and against which the unused tax losses can be utilized.

Deferred tax liabilities for withholding taxes are recognized for subsidiaries in situations where the income is to be paid out as dividend in the foreseeable future and for undistributed earnings of unconsolidated companies to the extent that these withholding taxes are not expected to be refundable or deductible.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

(r) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amounts can be reliably measured, regardless of when the payment is being made. For arrangements where features such as the primary responsibility for providing the goods or services or for fulfilling the order, pricing latitude, inventory risk and credit risk indicate that the Group is the principal, revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment (e. g. trade discounts, cash discounts and volume rebates) and excluding taxes or duty. In cases where the Group is not the principal, only the margin on sale, fee or commission earned is recorded in net sales.

(i) Sale of products

Revenue from the sale of products is recognized upon transfer to the customer of significant risks and rewards. In most cases, this occurs upon delivery of products and customer acceptance.

(ii) Sale of services

Sales from services are recognized when the services are performed.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board, which makes strategic and key operating decisions. No segments have been aggregated to a reporting segment.

(t) Reclassifications

Certain reclassifications have been made to the comparative financial information to conform to the current year presentation.

(u) Changes in accounting policy and disclosures

New and amended IFRS as of January 1, 2015

The accounting policies adopted are consistent with those of the previous financial year. No new and amended IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations that need to be applied for annual periods beginning January 1, 2015 was applicable for the Group.

New standards and interpretations and amendments to existing standards that are not yet effective and that the Group has not adopted early. The standards and interpretations that are issued, but not yet effective, are disclosed below. The Group intends to adopt these standards when they become effective.

IFRS 9 "Financial Instruments": The standard replaces IAS 39 and introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2018, with early adoption permitted. The Group has not adopted IFRS 9 early. The Group is currently assessing the impact that this standard will have on the financial position and performance.

IFRS 15 "Revenue from Contracts with Customers": IFRS 15 was issued in May 2014 and establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 "Leases": IFRS 16 was issued on January 13, 2016. The standard replaces IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. The standard must be applied starting January 1, 2019, with early adoption permitted, but only if IFRS 15 is also applied. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

Amendments to IFRS 10 and IAS 28: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture": The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Annual Improvements 2012–2014 Cycle: These improvements are effective for annual periods beginning on or after January 1, 2016. They include:

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations": Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. These amendments are not expected to have any impact on the Group.

IFRS 7 Financial Instruments: "Disclosures": The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments. These amendments are not expected to have any impact on the Group.

IAS 19 Employee Benefits: The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. These amendments are not expected to have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative: The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify the materiality requirements in IAS 1, that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated, that entities have flexibility as to the order in which they present the notes to financial statements and that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are not expected to have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: "Applying the Consolidation Exception": The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are not expected to have any impact on the Group.

(v) Critical accounting estimates and assumptions

The presentation of the consolidated financial statement in accordance with IFRS requires the use of estimates. Certain areas that are particularly subject to evaluation and in which management's assumptions and estimates are of vital importance for the consolidated financial statements are mentioned below:

(i) Estimated impairment of goodwill

The Group tests goodwill annually for impairment (Note 14), in accordance with the accounting policy for impairment of assets (i). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the establishment of assumptions. The most critical assumptions for this calculation are the estimated cash flows during the forecast period and the discount rate applied.

(ii) Income taxes

The Group is obliged to pay income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. Liabilities are recognized for anticipated tax audit issues based on assumptions of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made (Note 9).

(iii) Provisions

Provisions are recognized when there are obligations to third parties that result from an event in the past and the amount of the obligation can be reliably estimated. Provisions are created for a variety of possible events and are explained in detail in Note 22. However, by definition, provisions contain a greater degree of estimate than other items in the statement of financial position since the estimated obligations can cause a greater or lesser cash expense, depending on future events.

(iv) Retirement benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations (see Note 24).

(v) Share-based payment

The Group maintains share-based payment plans for key management personnel according to IFRS 2. The expenses recorded for these plans are based on the valuation of the shares applying a discounted cash flow pricing model that includes management's assessment of future performance of the Group (see Note 27).

(vi) Fair value of financial instruments

When the fair value of financial asset and liabilities recorded in the statement of financial position cannot be derived from active markets, the fair value is determined using valuation techniques, including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(w) Exchange rates applied

The financial statements of foreign subsidiaries are drawn up in local currency and translated into Swiss francs for consolidation purposes. The following exchange rates were applied to translate the foreign currencies of major importance to the Group.

	Statement of financial position year-end rates	Statement of financial position year-end rates	**Income statement average rates**	Income statement average rates
Currency	**2015**	**2014**	**2015**	**2014**
1 AUD	0.722	0.811	0.724	0.825
1 CNY	0.153	0.159	0.153	0.149
1 EUR	1.083	1.203	1.069	1.214
1 GBP	1.468	1.541	1.472	1.507
1 HKD	0.128	0.128	0.124	0.118
100 JPY	0.823	0.828	0.795	0.864
100 KRW	0.085	0.091	0.085	0.087
100 MMK	0.076	0.096	0.083	0.093
1 MYR	0.231	0.283	0.247	0.280
1 PHP	0.021	0.022	0.021	0.021
1 SGD	0.701	0.749	0.700	0.722
1 THB	0.028	0.030	0.028	0.028
1 TWD	0.030	0.031	0.030	0.030
1 USD	0.991	0.990	0.963	0.915
1000 VND	0.044	0.046	0.044	0.043

Risk management

(a) Risk management

Risks are assessed, monitored and mitigated in a decentralized manner, directly by respective risk owners in operational or support functions.

The Group focuses on significant risks potentially threatening to interfere with strategic and financial objectives. Annually, a risk assessment is conducted by the Executive Board, whereby key risks for the Group are identified, risk mitigation strategies are determined and a corresponding risk report is issued for the attention of the Board of Directors. Risk owners are assigned to each of the identified top risks, and these risk owners, in close cooperation with the Group's risk management, apply agreed risk mitigation strategies. Similar systematic risk assessments are conducted for the Group's business units and all major countries and support functions. The Group provides guidance and support on risk assessment methodologies and processes, ensures that appropriate risk mitigation plans are established and regularly follows up on the status of mitigation plans and actions.

DKSH Holding Ltd. furthermore operates an internal control system (ICS) in line with Swiss regulatory requirements. ICS focuses primarily on financial reporting risks and the respective mitigating controls and is subject to regular reviews by risk management and Internal Audit.

(b) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain exposures.

Group Treasury holds responsibility for overseeing financial risk management together with the local finance organizations in line with the Group Treasury policy. The policy provides written principles for overall financial risk management as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, funding strategy and structure, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Thai Baht, Japanese Yen, Singapore Dollar, Chinese Yuan Renminbi, New Taiwan Dollar, Vietnamese Dong, Hong Kong Dollar, Malaysian Ringgit, New Zealand Dollar, Myanmar Kyat, US Dollar and Euro. Foreign exchange risk arises from commercial transactions, recognized assets and liabilities and net investments in foreign operations.

a) Foreign exchange risk on commercial transactions

Foreign exchange risk arises when committed future cash flows from commercial transactions are denominated in a currency that is not the entity's functional currency. The Group companies are required to hedge their foreign exchange risk exposure arising from foreign currency cash flows that are not naturally offset by a simultaneous opposite commercial transaction in the same currency or mitigated in another way against their functional currency.

The Group's hedging policy seeks to mitigate the economic effect of adverse movements in foreign currency rates on the profitability, the assets or liabilities and cash flows of the local subsidiary in local currency. Focusing on the overall economic effects rather than, for example, accounting effects of currency movements will result in timing and valuation differences between the hedge, which is taken out as the economic transaction is closed, and the underlying, which is accounted for in line with the general accounting policies. Furthermore, the focus on committed transactions means that the policy does not protect the local subsidiary from the potential commercial or competitive effect of medium- and longer-term shifts in exchange rates.

The cash flows are hedged by the subsidiary entering into financial derivative contracts with either Group Treasury or a local external financial counterparty. Group Treasury, in turn, covers its net exposure from these transactions with external financial counterparties.

b) Foreign exchange risk on other transactions

Foreign exchange risk arises from committed future cash flows of transactions, such as dividends, acquisitions or disposals, that are denominated in a currency that is not the entity's functional currency. The Group's policy is that Group companies are required to hedge their foreign exchange risk exposure arising from such foreign currency cash flows.

This hedging policy seeks to mitigate the economic effect of adverse movements in foreign currency rates on the profitability, assets or liabilities, and cash flows of the local subsidiary in local currency. The cash flows are hedged by the subsidiary entering into financial derivative contracts with either Group Treasury or a local external financial counterparty. Group Treasury, in turn, covers its net exposure from these transactions with external financial counterparties.

c) Foreign exchange risk on financial assets and liabilities

Foreign exchange risk arises when recognized financial assets or liabilities are denominated in a currency that is not the entity's functional currency. Group companies are not authorized to borrow or hold cash in a currency other than their functional currency unless such borrowings or cash holdings are the result of short-term liquidity management, regulatory restrictions or market inefficiencies. Where borrowings or cash deposits are taken out in foreign currency, they have to be hedged using derivative instruments. These derivative instruments are contracted and managed by Group Treasury.

This policy seeks to mitigate the effect of adverse currency movements on the carrying value of financial assets and liabilities of the local subsidiary in local currency.

d) Foreign exchange risk on investment in foreign operations

The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Other than in selective cases where movements in exchange rates potentially have a substantial adverse impact at a Group level, the Group's policy is not to hedge the net investment value.

The most important currencies impact, with regard to profitability and net investment translation, are the THB, MYR, HKD, CNY and JPY. The Group has hedged, selectively, its net investment in some or all of these currencies through derivative financial instruments in 2014 and 2015. These foreign currency derivative transactions have been designated as net investment hedges and the changes in fair values have been recorded in other comprehensive income.

The following paragraphs demonstrate the sensitivities of the Group's financial instruments to a reasonably possible change in the THB, MYR, HKD, CNY and JPY exchange rates:
As of December 31, 2015 (2014), a strengthening or weakening of the THB by 10% against the CHF would have a translation impact ceteris paribus of –/+ CHF 4.9 million (CHF 4.8 million) on equity.

As of December 31, 2015 (2014), a strengthening or weakening of the MYR by 10% against the CHF would have a translation impact ceteris paribus of –/+ CHF 2.4 million (CHF 0.8 million) on equity.

As of December 31, 2015 (2014), a strengthening or weakening of the HKD by 10% against the CHF would have a translation impact ceteris paribus of –/+ CHF 0.9 million (CHF 0.7 million) on equity.

As of December 31, 2015 (2014), a strengthening or weakening of the CNY by 10% against the CHF would have a translation impact ceteris paribus of –/+ CHF 0.5 million (CHF 0.1 million) on equity.

As of December 31, 2015 (2014), a strengthening or weakening of the JPY by 10% against the CHF would have a translation impact ceteris paribus of –/+ CHF 0.1 million (CHF 0.7 million) on equity.

The impact on the Group's equity is due to changes in the fair value of financial instruments that are denominated in a currency other than the functional currency of the Group. A change in the above currencies' exchange rates has no material impact on profit before tax.

(ii) Interest rate risk

The Group's income and operating cash flows are fairly independent of changes in market interest rates. The Group's borrowings and cash are subject to changes in interest rates as the majority is contracted short-term at floating interest rates. However, given the low level of financial leverage, changes in interest rates do not have a significant impact on the financial standing of the Group.

The treasury policy dictates that, to the extent that the Group is in a net debt position, the external debt with a remaining tenor of over 12 months should at least amount to 66.6% of the maximum forecast net debt over the next 12 month period. Of the long-term debt, at least one-third has to be held in fixed interest instruments. The Group also has the ability to enter into interest rate swaps to actively hedge its interest rate risk.

As of December 31, 2015, if interest rates on interest-bearing borrowings had been 0.5% higher with all other variables held constant that the Group assumes to be reasonably possible, and the higher interest rates are applied to the borrowings as of December 31, post-tax profit for the year would have been CHF 0.4 million (2014: CHF 0.4 million) lower. Assuming the higher interest rates increase the yield on interest-bearing cash and financial assets, the impact of the higher interest rates on the Group's post-tax profit for the year will be offset by the increased income from these instruments. If interest rates on interest-bearing cash and financial assets had been 0.5% higher with all other variables held constant, and the higher interest rates are applied to the interest-bearing cash and financial assets as of December 31, post-tax profit for the year would have been CHF 2.1 million (2014: CHF 1.4 million) higher.

(iii) Credit risk

The Group is exposed to counterparty credit risk on financial instruments such as cash and cash equivalents, derivative assets, committed credit facilities and trade receivable portfolios.

The Group is not exposed to concentrations of credit risks on its cash and cash equivalents or derivatives, as these are spread over several institutions. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions.

a) Cash and cash equivalents

As of December 31, 2015, total cash and cash equivalents was CHF 571.4 million (2014: CHF 393.6 million).

According to the treasury policy, any excess cash in operating entities is used either to reduce current bank borrowings, to deposit at the Corporate Center or to invest in short-term money market deposits.

The total cash balances for the Group were held with institutions with the following rating quality:

in %	2015	2014
AA- or higher	41.0	93.8
A+, A or A-	166.4	247.6
BBB+, BBB or BBB-	352.6	29.8
Non-investment grade/unrated	11.4	22.4

b) Financial derivatives

Group treasury policy requires working with established financial institutions for any derivative transactions. The outstanding gross settlement risk (gross amount due in future settlements) and net positive market value for financial counterparties were as follows:

in CHF millions	**Gross settlement risk**	Gross settlement risk	**Positive market value**	Positive market value
	2015	**2014**	**2015**	**2014**
AA- or higher	26.5	50.5	0.1	0.6
A+, A or A-	564.2	672.1	2.8	8.7
BBB+, BBB or BBB-	85.9	20.7	0.4	0.1

c) Committed borrowings

On July 15, 2015, the Group entered into a CHF 200 million five-year committed credit facility with Deutsche Bank AG, Sumitomo Mitsui Banking Corporation, Australia and New Zealand Banking Group Limited, Bank of America N.A., Standard Chartered Bank, The Hongkong and Shanghai Banking Corporation Limited, UBS AG and Zürcher Kantonalbank. The facility is undrawn as of December 31, 2015. The facility reflects a liquidity back-up for the Group.

The ratings of the banks as of December 31, 2015, are:

Australia and New Zealand Banking Group Limited	AA–
Bank of America N.A.	BBB+
Deutsche Bank AG	BBB+
The Hongkong and Shanghai Banking Corporation Limited	A
Standard Chartered Bank	A–
Sumitomo Mitsui Banking Corporation	A–
UBS AG	BBB+
Zürcher Kantonalbank	AAA

The banks participating in the committed credit facility are considered solid counterparties in this context.

d) Credit risk on trade receivables

Trade receivables are subject to credit limits, control and approval procedures in all the affiliated companies. DKSH provides distribution services mainly to the mass market and to a diverse group of customers that are based mainly in Asia. Customer specific credit limits are set and monitored on an ongoing basis. As of December 31, 2015, 10 (2014: 9) mainly internationally acting debtors with own local entities made up 20% of total trade accounts receivable, none of which individually exceeded 10%. These debtors are mainly doing business in the retail and wholesale sector or are governmental institutions. Of all trade accounts receivable, 60% (2014: 58%) are individual positions with a value of less than CHF 1.0 million.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping credit lines and cash resources available.

It is the Group’s policy that Corporate Center holds a strategic liquidity reserve consisting of either cash and/or undrawn committed credit facilities. As of December 31, 2015, this strategic reserve amounted to CHF 559.3 million (2014: CHF 423.2 million) consisting of cash held at Corporate Center and the undrawn portion of the CHF 200 million five-year committed credit facility closed on July 15, 2015.

in CHF millions	**2015**	**2014**
Centrally held cash and cash equivalents	359.3	223.2
Committed credit facility	200.0	200.0
Total	**559.3**	**423.2**

The table below analyzes the Group's financial liabilities and guarantees in relevant maturity groupings as per financial reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows until maturity date (including expected interest payments and dividends).

in CHF millions	Up to 1 month or on demand	1 - 3 months	3 -12 months	1 - 5 years	Over 5 years	Total
As of December 31, 2015						
Borrowings	16.5	9.0	0.8	76.2	-	102.5
Other non-current liabilities	-	-	-	6.0	-	6.0
Financial guarantees	20.4	-	-	-	-	20.4
Trade and other payables	1,052.7	874.3	240.7	-	-	2,167.7
Lease obligation	-	-	-	0.1	-	0.1
As of December 31, 2014						
Borrowings	28.5	3.3	40.3	28.8	-	100.9
Other non-current liabilities	-	-	-	23.0	-	23.0
Financial guarantees	20.4	-	-	-	-	20.4
Trade and other payables	1,084.4	867.1	158.1	-	-	2,109.6
Lease obligation	-	-	0.1	0.1	-	0.2

The table below analyzes the Group's derivative financial instruments in relevant maturity groupings as per financial reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows until maturity date that will be settled on a gross basis.

in CHF millions	Up to 1 month or on demand	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
As of December 31, 2015						
Forward FX contracts						
Outflow	(241.5)	(184.6)	(257.6)	-	-	(683.7)
Inflow	239.9	182.7	253.9	-	-	676.5
As of December 31, 2014						
Forward FX contracts						
Outflow	(317.4)	(194.1)	(230.7)	-	-	(742.2)
Inflow	319.9	194.2	229.3	-	-	743.4

(v) Fair value estimation

The fair value of over-the-counter (OTC) or publicly traded derivatives and available-for-sale marketable securities is based on quoted market prices at the financial reporting date. The fair value of forward foreign exchange contracts and FX swaps is determined by the discounting method using the zero-coupon curve at the financial reporting date. Currently the Group is not using non-traded derivatives and other financial instruments for which there is no active market.

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (i. e. derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

Assets and liabilities by level of fair value measurements as of December 31, 2015, are as follows:

in CHF millions	Level 1	Level 2	Level 3	Total
Derivatives	-	3.1	-	3.1
Available-for-sale financial assets	4.1	-	-	4.1
Total assets	**4.1**	**3.1**	**-**	**7.2**
Derivatives	-	9.5	-	9.5
Total liabilities	**-**	**9.5**	**-**	**9.5**

In 2015 and 2014, there were no changes in the valuation techniques and no transfers of assets and liabilities within the fair value hierarchy.

Assets and liabilities by level of fair value measurements as of December 31, 2014, are as follows:

in CHF millions	Level 1	Level 2	Level 3	Total
Derivatives	-	9.3	-	9.3
Available-for-sale financial assets	2.6	-	-	2.6
Total assets	**2.6**	**9.3**	**-**	**11.9**
Derivatives	-	6.8	-	6.8
Total liabilities	**-**	**6.8**	**-**	**6.8**

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each financial reporting date. The fair value of forward foreign exchange contracts and swaps is determined using quoted exchange rates and interest rates at the financial reporting date to derive the discounted cash flows of the contracts.

(vi) Capital risk management

The Group's capital includes share capital, reserves, retained earnings and borrowings. The capital of the Group as of December 31, 2015, is CHF 1,611.8 million (2014: CHF 1,550.1 million). The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of leverage ratio and debt to total capitalization ratio. The leverage ratio is calculated as total assets divided by total equity. The debt to total capitalization ratio is calculated as total borrowings divided by the sum of borrowings and equity. The ratios as of December 31, 2015 and 2014, were as follows:

	2015	2014
Leverage ratio	2.7	2.8
Debt to total capitalization	6.4%	6.5%

Covenants that require the Group to maintain certain agreed financial ratios are managed locally for subsidiary borrowings and by Group Treasury for Group-level borrowings. As of December 31, 2015, and for the entire financial year 2015, the Group did not have any breaches of such loan agreements.

3. Segment information

2015 by Business Unit

in CHF millions	Consumer Goods	Healthcare	Performance Materials	Technology	Other	Eliminations	Group Total
Net sales third parties	3,925.6	4,970.6	782.5	372.1	-	-	10,050.8
Net sales intersegment	-	0.4	-	0.1	0.1	(0.6)	-
Net sales	**3,925.6**	**4,971.0**	**782.5**	**372.2**	**0.1**	**(0.6)**	**10,050.8**
EBIT[1]	29.7	215.0	51.4	20.1	(46.0)	-	270.2
Additions of property, plant and equipment	15.4	11.0	2.0	2.8	8.1	-	39.3
Additions of intangible assets	1.3	9.0	0.4	0.7	3.4	-	14.8
Depreciation and amortization	48.1	11.6	2.6	2.6	6.7	-	71.6
of which impairment	32.3	-	-	-	-	-	32.3
Investments in associates and joint ventures	48.1	-	0.2	10.1	-	-	58.4
Share of profit of associates and joint ventures	(0.1)	-	0.1	4.6	-	-	4.6
Total employees	14,773	9,594	968	1,366	1,639	-	28,340

[1] Including loss of CHF 58.7 million in Consumer Goods from restructuring of luxury business and gain of CHF 64.5 million in Healthcare on disposal of two China pharma brands. The loss from restructuring principally includes write-downs of inventories to net realizable value of CHF 17.8 million and losses from the impairment of intangible assets and property, plant and equipment of CHF 30.7 million and CHF 1.6 million, respectively.

2015 by region

in CHF millions	Thailand	Greater China	Malaysia/ Singapore	Other	Group Total
Net sales third parties[1]	3,339.2	3,186.1	1,924.5	1,601.0	10,050.8
Non-current assets[2]	34.0	53.7	23.8	208.6	320.1

2015 country information

in CHF millions	Net sales third parties[1]	Non-current assets[2]
Switzerland (domicile)	120.5	96.9
Malaysia	1,392.9	15.9
Hong Kong	1,286.4	4.0

[1] Net sales of an individual region or country are allocated based on the entities located in the respective country.
[2] Non-current assets exclude financial assets, deferred tax assets and retirement benefit assets.

2014 by Business Unit

in CHF millions	Consumer Goods	Healthcare	Performance Materials	Technology	Other	Eliminations	Group Total
Net sales third parties	4,143.2	4,543.5	781.9	349.4	0.2	-	9,818.2
Net sales intersegment	-	0.5	-	0.1	-	(0.6)	-
Net sales	**4,143.2**	**4,544.0**	**781.9**	**349.5**	**0.2**	**(0.6)**	**9,818.2**
EBIT	130.9	128.7	52.5	11.5	(50.9)	-	272.7
Additions of property, plant and equipment	14.8	9.4	1.9	2.4	2.9	-	31.4
Additions of intangible assets	4.6	0.6	-	0.4	1.2	-	6.8
Depreciation and amortization	17.3	11.9	2.6	2.8	7.7	-	42.3
Investments in associates and joint ventures	29.9	-	0.5	9.3	-	-	39.7
Share of profit of associates and joint ventures	2.5	-	0.2	4.1	-	-	6.8
Total employees	14,557	9,204	948	1,238	1,603	-	27,550

2014 by region

in CHF millions	Thailand	Greater China	Malaysia/ Singapore	Other	Group Total
Net sales third parties[1]	3,349.2	2,905.5	2,010.1	1,553.4	9,818.2
Non-current assets[2]	42.9	30.8	18.6	241.9	334.2

2014 country information

in CHF millions	Net sales third parties[1]	Non-current assets[2]
Switzerland (domicile)	141.4	135.3
Malaysia	1,507.6	15.5
Hong Kong	1,223.5	3.0

[1] Net sales of an individual region or country are allocated based on the entities located in the respective country.
[2] Non-current assets exclude financial assets, deferred tax assets and retirement benefit assets.

As of December 31, 2015, the Group is organized on a worldwide basis into four main Business Units that reflect the business segments according to IFRS 8:

DKSH Business Unit Consumer Goods is Asia's leading Market Expansion Services provider with a focus on fast moving consumer goods, food services, luxury goods, fashion and lifestyle products, as well as hair and skin cosmetics. The Business Unit's comprehensive Market Expansion Services extend from product feasibility studies and registration to importation, customs clearance, marketing and merchandising, sales, warehousing, physical distribution, invoicing, cash collection and after-sales services.

DKSH Business Unit Healthcare is the leading Market Expansion Services provider for healthcare companies seeking to grow their business in Asia. Custom-made offerings comprise registration, regulatory services, market entry studies, importation, customs clearance, marketing and sales, physical distribution, invoicing and cash collection. Products available through DKSH Healthcare include ethical pharmaceuticals, consumer health and over-the-counter (OTC) products, as well as medical devices.

DKSH Business Unit Performance Materials is a leading specialty chemicals distributor and provider of Market Expansion Services for performance materials, covering Europe, North America and the whole of Asia. The Business Unit sources, develops, markets, and distributes a wide range of specialty chemicals and ingredients for pharmaceutical, personal care, food & beverage, as well as various industrial applications.

DKSH Business Unit Technology is the leading provider of Market Expansion Services covering a broad range of capital investment goods and analytical instruments. The Business Unit offers total solutions in the areas of infrastructure, industrial materials and supplies, precision and textile machinery, semiconductors, photovoltaic and electronics, agriculture, hospitality as well as specialized industrial applications.

"Other" includes Corporate Center functions, including management, finance, administration and IT. Some costs of "Other" are charged to the Business Units, and the allocation is based on specific allocation keys set up in management service agreements between the corporate entities and the subsidiaries. The unallocated costs are reflected in the operating result (EBIT) in the Business Unit "Other."

There are generally very limited transactions between the Business Units and between the regions. The majority of costs relating to a given Business Unit/region are directly incurred by the segment/region to which they relate. Country central costs such as administration and IT are allocated to the Business Units.

4. Net sales

in CHF millions	2015	2014
Gross sales	11,238.2	10,917.9
Sales deductions	(1,187.4)	(1,099.7)
Net sales	**10,050.8**	**9,818.2**

Net sales by category:

in CHF millions	2015	2014
Sale of goods	9,711.8	9,508.0
Other services	339.0	310.2
Net sales	**10,050.8**	**9,818.2**

5. Other income

in CHF millions	2015	2014
Gain on sale of tangible and intangible assets	70.4	0.8
Supplier compensation	5.7	8.1
Insurance claims	2.4	1.1
Rental income	1.8	1.6
Commission income	0.2	0.3
Hire purchase interest	-	0.2
Other	8.5	13.3
Total other income	**89.0**	**25.4**

The gain on sale of tangible and intangible assets in 2015 principally relates to the disposal of two pharma brands in China.

6. Employee benefit expenses

in CHF millions	2015	2014
Salaries and bonuses	395.8	385.2
Sales and other commissions	41.6	42.7
Social security costs	28.1	29.0
Temporary staff	18.1	18.0
Expenses for defined contribution pension plans	11.4	11.0
Expenses for defined benefit pension plans (see Note 24)	9.3	8.5
Staff training costs	1.6	1.9
Other personnel expenses	40.0	31.1
Total employee benefit expenses	**545.9**	**527.4**
Total employees	**28,340**	**27,550**

7. Other operating expenses

in CHF millions	2015	2014
Selling costs	147.3	144.8
Logistics and distribution costs	177.8	179.9
Rent	101.7	87.9
Travel and entertainment	44.6	46.5
Information technology	15.5	16.0
Utilities	14.0	14.5
Communication	10.7	11.0
Stationery and office supplies	10.6	10.8
Maintenance and repairs	9.6	9.9
Consulting services	9.6	8.1
Fees and royalties	8.6	8.5
Insurance	6.2	8.0
Legal services	5.2	3.5
Bank charges	3.9	3.9
Research and development	2.8	2.9
Professional fees	2.8	2.7
Loss on sale of tangible and intangible assets	1.4	0.5
Other	14.5	10.3
Total other operating expenses	**586.8**	**569.7**

8. Net finance result

in CHF millions	2015	2014
Interest income		
Interest income on bank deposits	1.8	1.3
Income from financial assets	7.3	-
Financial income	**9.1**	**1.3**
Net foreign exchange transaction (losses)/gains	-	(1.9)
Interest expenses		
Interest expenses on bank borrowings	(5.7)	(5.6)
Financial expenses	**(5.7)**	**(7.5)**
Net finance result	**3.4**	**(6.2)**

9. Income tax expenses

in CHF millions	2015	2014
Current income tax	79.3	84.5
Adjustments in respect of current income tax of previous years	(0.7)	(1.7)
Deferred tax	(3.9)	(11.8)
Total income tax expenses	**74.7**	**71.0**

The income tax expense of the Group differs from the amount that would arise applying the applicable income tax rate as follows:

in CHF millions	2015	2014
Profit before tax	274.3	266.5
Applicable income tax based on 20.1% (23.5% in 2014)	55.1	62.6
Different tax rate impact on income tax	0.4	(1.0)
Tax releases relating to prior years	1.2	(0.6)
Impact of tax rate changes	0.4	0.8
Tax effects of WHT/foreign tax not recoverable	5.7	11.0
Tax effect on non-deductible expenses	4.2	2.9
Tax effect of income that is not taxable	(4.0)	(5.1)
Tax effects related to tax losses and tax credits	10.0	0.3
Others	1.7	0.1
Total income tax expenses	**74.7**	**71.0**

The applicable income tax rate is the weighted average of the tax rates of the respective individual tax jurisdictions. Due to the different weights of the results of the Group companies and respective local tax rates, the calculated income tax rate has changed.

10. Cash and cash equivalents

in CHF millions	2015	2014
Cash at bank and on hand	328.9	314.8
Marketable securities	-	0.2
Short-term deposits	242.5	78.6
Total cash and cash equivalents	**571.4**	**393.6**

The average effective interest rate on short-term bank deposits was 1.16% (2014: 1.99%).

11. Trade receivables

in CHF millions	2015	2014
Trade receivables – gross	1,822.7	1,887.4
Provision for doubtful debts	(20.8)	(17.6)
Total trade receivables	**1,801.9**	**1,869.8**

The aging of trade receivables gross is as follows:

in CHF millions	2015	2014
Not overdue	1,572.2	1,652.7
Up to 3 months overdue	205.0	198.4
Between 3 and 6 months overdue	21.0	16.6
Between 6 and 9 months overdue	5.3	5.1
Between 9 and 12 months overdue	7.5	5.3
More than 12 months overdue	11.7	9.4
Total trade receivables – gross	**1,822.7**	**1,887.4**

The Group does not recognize impairments on receivables that are past due unless there is a recent history of default with the individual customer or there are other indications that the contractually agreed amounts might not be collectible. Movements on the Group provision for impairment of trade receivables are as follows:

in CHF millions	2015	2014
As of January 1	**17.6**	**14.4**
Impairment of accounts receivable	12.4	6.9
Receivables written off	(2.6)	(2.4)
Unused amount reversed	(5.1)	(3.3)
Acquisitions/divestments	-	0.8
Exchange differences	(1.5)	1.2
As of December 31	**20.8**	**17.6**

Provisions for impaired receivables are recognized in selling costs in the income statement (see Note 7). The maximum exposure to credit risk at the reporting date relates to the fair value of the amount of total trade receivables. The Group does not hold any collateral as security and pledged trade receivables as per end of 2015 and 2014.

12. Financial assets

in CHF millions	2015	2014
Financial assets available-for-sale at fair value	4.1	2.6
Financial assets available-for-sale at cost	0.3	1.3
Deposits to third parties	15.2	15.9
Loans to third parties	1.9	3.3
Total financial assets	**21.5**	**23.1**

Details of available-for-sale financial assets are as follows:

in CHF millions	Available-for-sale at fair value	Available-for-sale at cost	Group Total
As of January 1, 2014	**1.8**	**1.1**	**2.9**
Additions	0.3	0.2	0.5
Disposals	(0.3)	-	(0.3)
Revaluation	0.5	-	0.5
Reclassification	0.3	-	0.3
As of December 31, 2014	**2.6**	**1.3**	**3.9**
Disposals	-	(1.0)	(1.0)
Revaluation	1.5	-	1.5
As of December 31, 2015	**4.1**	**0.3**	**4.4**

Financial assets available-for-sale include principally marketable debt and equity securities and are fair valued at each financial reporting date. For investments traded in active markets, fair value is determined by reference to stock exchange quoted bid prices. Investments not traded in active markets and for which fair value cannot be reliably measured are valued at cost.

All financial assets available-for-sale are subject to review for impairment at each financial reporting date, with any impairment losses being recognized in the income statement. No impairment was recorded in 2015 and 2014.

13. Inventories

in CHF millions	2015	2014
Raw materials	49.1	37.3
Work in progress	11.1	5.0
Finished goods	979.9	974.9
Total inventories – gross	**1,040.1**	**1,017.2**
Provision for obsolete and slow moving stock	(61.3)	(43.2)
Total inventories	**978.8**	**974.0**

Details of change in impairment for inventories:

in CHF millions	2015	2014
As of January 1	**43.2**	**35.8**
Acquisitions and disposals	0.2	2.3
Increase in provision for inventories	25.5	9.9
Unused amount reversed	(4.5)	(5.5)
Utilized during the year	(1.6)	(0.9)
Exchange differences	(1.5)	1.6
As of December 31	**61.3**	**43.2**

Reversal of inventory write-downs is related to goods carried at fair value less cost to sell that have been sold above their book value.

Details to the basis of valuation:

in CHF millions	2015	2014
Inventories carried at cost	776.1	775.8
Inventories carried at fair value less cost to sell	202.7	198.2
Total inventories	**978.8**	**974.0**

As of December 31, 2015 and 2014, no inventories have been pledged as security for borrowings.

14. Intangible assets

in CHF millions	Trademarks [1]	Other intangible assets [2]	Goodwill	Total
As of January 1, 2014	**54.9**	**76.0**	**79.8**	**210.7**
Additions	0.1	6.7	-	6.8
Acquisitions/divestments	-	1.0	20.3	21.3
Disposals	-	(0.6)	-	(0.6)
Exchange differences	0.5	4.9	1.5	6.9
As of December 31, 2014	**55.5**	**88.0**	**101.6**	**245.1**
Accumulated amortization and impairments				
As of January 1, 2014	**(18.8)**	**(52.2)**	**(0.4)**	**(71.4)**
Amortization	(2.8)	(7.7)	-	(10.5)
Acquisitions/divestments	-	(0.6)	-	(0.6)
Disposals	-	0.5	-	0.5
Exchange differences	(0.3)	(4.2)	0.1	(4.4)
As of December 31, 2014	**(21.9)**	**(64.2)**	**(0.3)**	**(86.4)**
Net book value				
As of January 1, 2014	**36.1**	**23.8**	**79.4**	**139.3**
As of December 31, 2014	**33.6**	**23.8**	**101.3**	**158.7**
As of January 1, 2015	**55.5**	**88.0**	**101.6**	**245.1**
Additions	-	13.8	1.0	14.8
Acquisitions/divestments	-	-	9.4	9.4
Disposals	(10.8)	(1.9)	(0.5)	(13.2)
Exchange differences	(1.6)	(7.1)	(5.7)	(14.4)
As of December 31, 2015	**43.1**	**92.8**	**105.8**	**241.7**
Accumulated amortization and impairments				
As of January 1, 2015	**(21.9)**	**(64.2)**	**(0.3)**	**(86.4)**
Amortization	(1.9)	(5.7)	-	(7.6)
Impairments [3]	(18.0)	(12.7)	-	(30.7)
Reclassifications	0.6	(0.6)	-	-
Disposals	4.4	1.7	-	6.1
Exchange differences	1.1	6.2	(0.3)	7.0
As of December 31, 2015	**(35.7)**	**(75.3)**	**(0.6)**	**(111.6)**
Net book value				
As of January 1, 2015	**33.6**	**23.8**	**101.3**	**158.7**
As of December 31, 2015	**7.4**	**17.5**	**105.2**	**130.1**

[1] Includes acquired trademark rights to sell products in specific territories and recognized brand values from acquisition of businesses.
[2] Includes software and development costs as well as intangibles relating to distribution contracts recognized from acquisitions.
[3] As part of the restructuring of the luxury business (Consumer Goods) the Group concluded during 2015 certain carrying values in use to be exceeding their recoverable amounts and therefore has recognized impairments of brands of CHF 18.0 million and licenses CHF 12.7 million (2014: CHF 0 million).

Impairment tests for goodwill

Goodwill impairment reviews have been conducted for all goodwill items. Goodwill of CHF 33.6 million relates to the reverse acquisition of SiberHegner Group in 2002, which resulted in the formation of DKSH. It has been allocated to the Group’s cash-generating units (CGUs) identified according to country of operation and Business Unit as per date of acquisition. As a result, goodwill of CHF 6.4 million has been allocated to Switzerland, CHF 2.3 million to France, CHF 1.7 million to Germany, CHF 1.2 million to the United Kingdom, CHF 1.1 million to Malaysia, CHF 4.9 million to Hong Kong and CHF 16.0 million to Japan.

Goodwill from other acquisitions amounts to a net book value of CHF 71.6 million in 2015 (2014: CHF 67.7 million). An amount of CHF 5.2 million (2014: CHF 6.4 million) relates to Malaysia, CHF 6.0 million (2014: CHF 6.9 million) to New Zealand, CHF 8.9 million (2014: CHF 10.0 million) to Australia, CHF 11.4 million (2014: CHF 2.3 million) to Denmark, CHF 1.3 million (2014: CHF 1.4 million) to India, CHF 9.4 million (2014: CHF 9.4 million) to Switzerland, CHF 1.6 million (2014: CHF 1.7 million) to Taiwan, CHF 6.3 million (2014: CHF 6.6 million) to Indonesia, CHF 2.5 million (2014: CHF 2.7 million) to Korea, CHF 12.8 million (2014: CHF 14.3 million) to Spain, CHF 3.3 million (2014: CHF 3.2 million) to Portugal and CHF 2.3 million (2014: CHF 2.3 million) to Macao. Goodwill in other countries amounts to CHF 0.6 million in 2015 (2014: CHF 0.5 million).

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use free cash flow projections for the next five years based on financial budgets and economic growth rates approved by the Executive Board.

Key assumptions used for value-in-use calculations by regions (grouped as in Note 3):

in %	Greater China	Malaysia/ Singapore	Others
Net sales growth rate CAGR (2016–2020)	1–12	3–8	1–19
Country specific WACC (pre tax)	10–11	15–16	9–23
Country specific growth rate terminal value	1–2	2	1–5

Based on the annual goodwill impairment test reflecting the above assumptions, no impairment on goodwill was recognized in 2015 (2014: CHF 0.0 million). The outcome of impairment testing is sensitive to variations in estimates and assumptions. Variations in estimates and assumptions have the following effect on the recoverable amount calculations (all else equal):

- A 1% point increase in the pre-tax WACC would result in an impairment of CHF 5.0 million (CHF 1.7 million relating to the combined Performance Materials and Technology businesses in Switzerland, CHF 1.7 million relating to the Performance Materials business in Germany, CHF 1.5 million relating to a Technology business in Australia and CHF 0.1 million relating to other businesses)
- Lowered revenue projections for 2016 and thereafter by 10% would result in an impairment of CHF 1.0 million (CHF 0.5 million relating to the Performance Materials business in Germany and CHF 0.5 million relating to a Technology business in Australia)
- Reduced projections of EBIT as a percentage of net sales by 5% point during forecast period 2016–2020 would result in an impairment of CHF 3.5 million (CHF 0.4 million relating to the combined Performance Materials and Technology businesses in Switzerland, CHF 1.6 million relating to the Performance Materials business in Germany, CHF 1.1 million relating to a Technology business in Australia and CHF 0.4 million relating to other businesses)

The Group has no intangible assets with indefinite useful lives as of December 31, 2015, and December 31, 2014, other than goodwill.

15. Other receivables

in CHF millions	2015	2014
Current		
Supplier accounts	175.6	153.4
Advances and deposits	41.1	51.9
VAT and other taxes receivable	39.2	34.8
Derivative financial instruments	3.1	9.3
Other current receivables	56.9	45.6
Total other receivables current	**315.9**	**295.0**
Non-current		
Other non-current receivables	3.1	2.6
Total other receivables non-current	**3.1**	**2.6**

In 2015 other current receivables include an insurance recoverable of CHF 11.4 million relating to a liability insurance claim (see Note 21). All non-current receivables are due within five years from the financial reporting date.

16. Property, plant and equipment

in CHF millions	Land, buildings/ leasehold	Machinery/ tools	Furniture/ fixtures	IT/ comm- unication	Vehicles	Assets under construction	Total
As of January 1, 2014	**76.7**	**48.2**	**82.0**	**46.3**	**12.8**	**0.6**	**266.6**
Additions	4.0	7.0	10.3	4.8	3.2	2.1	31.4
Reclassifications	0.1	0.5	0.9	0.1	-	(1.6)	-
Acquisitions/divestments	4.8	0.1	0.7	0.1	-	-	5.7
Disposals	(1.9)	(3.9)	(7.4)	(3.6)	(2.3)	-	(19.1)
Exchange differences	3.8	4.2	7.1	3.4	1.3	(0.1)	19.7
As of December 31, 2014	**87.5**	**56.1**	**93.6**	**51.1**	**15.0**	**1.0**	**304.3**
Accumulated depreciation and impairments							
As of January 1, 2014	**(14.3)**	**(28.3)**	**(50.7)**	**(35.6)**	**(10.1)**	**-**	**(139.0)**
Depreciation	(5.8)	(6.6)	(11.8)	(6.5)	(1.1)	-	(31.8)
Acquisitions/divestments	(2.2)	-	(0.6)	(0.1)	-	-	(2.9)
Disposals	1.2	3.2	5.6	3.6	2.1	-	15.7
Exchange differences	(1.1)	(3.1)	(5.2)	(2.7)	(1.0)	-	(13.1)
As of December 31, 2014	**(22.2)**	**(34.8)**	**(62.7)**	**(41.3)**	**(10.1)**	**-**	**(171.1)**
Net book value							
As of January 1, 2014	**62.4**	**19.9**	**31.3**	**10.7**	**2.7**	**0.6**	**127.6**
As of December 31, 2014	**65.3**	**21.3**	**30.9**	**9.8**	**4.9**	**1.0**	**133.2**
As of January 1, 2015	**87.5**	**56.1**	**93.6**	**51.1**	**15.0**	**1.0**	**304.3**
Additions	5.6	8.1	14.2	6.2	2.3	2.9	39.3
Reclassifications	0.5	1.5	0.4	0.4	-	(2.8)	-
Acquisitions/divestments	-	-	(0.1)	-	-	-	(0.1)
Disposals	(2.6)	(3.4)	(4.0)	(3.9)	(2.0)	-	(15.9)
Exchange differences	(4.9)	(4.7)	(9.2)	(5.9)	(1.1)	(0.3)	(26.1)
As of December 31, 2015	**86.1**	**57.6**	**94.9**	**47.9**	**14.2**	**0.8**	**301.5**
Accumulated depreciation and impairments							
As of January 1, 2015	**(22.2)**	**(34.8)**	**(62.7)**	**(41.3)**	**(10.1)**	**-**	**(171.1)**
Depreciation	(5.7)	(7.2)	(11.5)	(5.9)	(1.4)	-	(31.7)
Impairments[1]	(0.9)	-	(0.7)	-	-	-	(1.6)
Reclassification	0.3	(0.3)	-	-	-	-	-
Acquisitions/divestments	-	-	0.1	-	-	-	0.1
Disposals	1.7	2.5	3.5	3.8	1.8	-	13.3
Exchange differences	2.3	3.3	6.9	4.7	0.8	-	18.0
As of December 31, 2015	**(24.5)**	**(36.5)**	**(64.4)**	**(38.7)**	**(8.9)**	**-**	**(173.0)**
Net book value							
As of January 1, 2015	**65.3**	**21.3**	**30.9**	**9.8**	**4.9**	**1.0**	**133.2**
As of December 31, 2015	**61.6**	**21.1**	**30.5**	**9.2**	**5.3**	**0.8**	**128.5**

[1] As part of the restructuring of the luxury business (Consumer Goods) the Group concluded during 2015 certain carrying values in use to be exceeding their recoverable amounts and therefore has recognized impairments of plant and equipment of CHF 1.6 million (2014: CHF 0 million).

No bank borrowings are secured with assets of property, plant and equipment as of December 31, 2015 and 2014.

During 2015 and 2014, constructions of property, plant and equipment were financed entirely from own resources and therefore, no interest cost on borrowings was capitalized.

Assets under finance lease

in CHF millions	Machinery	Total
As of December 31, 2014		
Cost	0.2	0.2
Accumulated depreciation	-	-
Net book value	**0.2**	**0.2**
As of December 31, 2015		
Cost	0.2	0.2
Accumulated depreciation	(0.1)	(0.1)
Net book value	**0.1**	**0.1**

17. Investments in associates

The investments in associates are as follows:

Company in %	**Country of incorporation**	**2015**	**2014**
Agrofert Norden A/S, Birkerod	Denmark	50.0	50.0
Bovet Fleurier SA, Plan-les-Ouates	Switzerland	25.0	25.0
Trumpf China (Hong Kong) Ltd., Hong Kong	Hong Kong	25.1	25.1
aCommerce Group Ltd., Hong Kong	Hong Kong	21.4	-
Kulara Holdings Pte Ltd., Singapore	Singapore	30.0	-

The following financial information reflects the financial position and performance of the associates. The income the company receives from Trumpf China (Hong Kong) Ltd. reflects a transaction-based fee that is calculated based on net sales.

in CHF millions	2015	2014
Assets	82.3	67.9
Liabilities	(38.5)	(20.2)
Equity	43.8	47.7
Net sales	54.3	73.5
Profit	(10.1)	8.9
Group's share of profit for the year	**1.9**	**4.3**

18. Interest in joint ventures

The Group's interests in joint ventures are as follows:

Company in %	Country of incorporation	2015	2014
Cummins Diethelm Ltd., Bangkok	Thailand	50.0	50.0
Cummins DKSH Vietnam LLC, Ho Chi Minh City	Vietnam	50.0	50.0
Cummins DKSH (Singapore) Pte Ltd., Singapore	Singapore	50.0	50.0
DKSH Klingelnberg Service Ltd., Shanghai	China	50.0	50.0

The following amounts represent the Group's share of the assets and liabilities and net sales and expenses of the joint ventures. The Group's share of net asset and profit for the year is included in the consolidated statement of financial position and income statement.

in CHF millions	2015	2014
Current assets	33.3	40.1
Non-current assets	1.8	1.3
	35.1	**41.4**
Current liabilities	(20.2)	(27.5)
Non-current liabilities	(0.3)	(0.3)
	(20.5)	**(27.8)**
Net asset	**14.6**	**13.6**
Proportion of the Group's ownership	50.0%	50.0%
Group's share of net asset	**7.3**	**6.8**
Net sales	66.0	58.0
Expenses	(60.5)	(53.1)
Profit after tax	5.5	4.9
Group's share of profit for the year	**2.7**	**2.5**

19. Deferred income tax

Deferred tax assets and liabilities are recognized in the statement of financial position as follows:

in CHF millions	2015	2014
Deferred tax assets (net)	41.4	44.8
Deferred tax liabilities (net)	(10.9)	(16.0)
Net deferred tax assets	**30.5**	**28.8**

Deferred tax assets (gross):

in CHF millions	2015	2014
As of January 1	**59.2**	**44.5**
Credited /(charged) to the income statement	(1.5)	7.4
Credited /(charged) to equity	0.1	0.4
Acquisitions/divestments	-	6.2
Exchange difference	(3.5)	0.7
As of December 31	**54.3**	**59.2**

Deferred tax assets (gross) relating to:

in CHF millions	2015	2014
Trade receivables	15.0	18.9
Inventories	6.3	9.2
Property, plant and equipment	1.6	2.0
Intangible assets	8.7	5.8
Other assets	3.2	0.7
Employee benefits	2.8	3.0
Provisions and other liabilites	7.2	9.6
Tax loss carryforwards	9.5	10.0
Total deferred tax assets	**54.3**	**59.2**

The Group recognized deferred tax assets of CHF 19.2 million regarding entities recording a net loss in current and/or previous period. These net loss positions principally exist due to one-off effects. The Group expects to recover the deferred tax assets in future periods.

Deferred tax liabilities (gross):

in CHF millions	2015	2014
As of January 1	**30.4**	**35.8**
Charged/(credited) to the income statement	(5.4)	(4.4)
Charged/(credited) to equity	(0.4)	(0.6)
Acquisitions/divestments	-	0.3
Exchange difference	(0.8)	(0.7)
As of December 31	**23.8**	**30.4**

Deferred tax liabilities (gross) relating to:

in CHF millions	2015	2014
Inventories	3.7	8.9
Property, plant and equipment	2.4	2.6
Intangible assets	0.8	3.0
Employee benefits	1.2	2.0
Other assets	1.7	2.5
Provisions, other liabilies and undistributed profits	14.0	11.4
Total deferred tax liabilities	**23.8**	**30.4**

Deferred tax assets relating to tax loss carryforwards are recognized to the extent that realization of the related tax benefit with future taxable profits is probable. The Group did not recognize deferred tax assets related to accumulated losses amounting to CHF 135.1 million (2014: CHF 82.2 million) that can be carried forward against future taxable income. These tax losses will expire as follows:

in CHF millions	2015	2014
Expiring next year	2.1	1.8
Expiring in 2 years	12.3	3.8
Expiring in 3 years	12.7	12.4
Expiring in 4 years	4.4	9.4
Expiring in 5 years	4.2	1.4
Expiring later than 5 years	99.4	53.4
Total unrecognized tax losses	**135.1**	**82.2**

20. Borrowings

in CHF millions	2015	2014
Current		
Bank overdraft	4.6	7.5
Bank borrowings	6.0	61.3
Bankers acceptance and promissory notes	15.7	3.3
Lease liabilities	-	0.1
Total borrowings current	**26.3**	**72.2**
Non-current		
Bank loans	76.2	28.8
Lease liabilities	0.1	0.1
Total borrowings non-current	**76.3**	**28.9**
Weighted average effective interest rates on borrowings	4.2%	5.2%
Non-current borrowings per maturity		
Between 1 and 5 years	76.3	28.9
Total borrowings non-current	**76.3**	**28.9**

As of December 31, 2015, the Group has undrawn committed and uncommitted bank borrowings and guarantee facilities amounting to CHF 815.9 million (2014: CHF 901.3 million).

Bank loans and borrowings are entered into locally by subsidiaries. As of December 31, 2015 and 2014, aside from a five-year CHF 200 million committed credit facility, no single borrowing is individually significant to the Group. The borrowings are available at commercial terms prevailing in the local environment and might be subject to standard financial and non-financial covenants.

21. Other payables and accrued expenses

in CHF millions	2015	2014
Accrued expenses third parties	148.3	147.1
Accrued expenses and payables employees	61.3	64.5
VAT and other tax payable	56.7	63.1
Accrued expenses and payables advertising and promotion suppliers	29.9	26.8
Prepayments and deposits received	27.5	37.7
Payables distribution and logistics suppliers	22.7	28.9
Deferred purchase consideration	19.0	-
Payables for rent, repair and maintenance and tangible assets	16.0	10.5
Derivative liability	9.5	6.8
Prepaid income	3.2	2.7
Other non-trade payables	27.7	19.6
Total other payables and accrued expenses	**421.8**	**407.7**

The deferred purchase consideration relates to the acquisition of businesses in 2011 and 2015. In 2015, other non-trade payables include a payable of CHF 11.4 million relating to a liability insurance claim which is fully recoverable from the insurer (see Note 15).

22. Provisions

in CHF millions	Product warranty	Employee entitlements	Others	Total
Current				
As of January 1, 2014	**1.3**	**0.2**	**0.8**	**2.3**
Additions	7.6	-	0.3	7.9
Unused amount reversed	(2.3)	-	(0.1)	(2.4)
Utilized in current year	(1.7)	-	(0.3)	(2.0)
As of December 31, 2014	**4.9**	**0.2**	**0.7**	**5.8**
Additions	2.9	0.1	1.4	4.4
Unused amount reversed	(2.1)	-	(0.1)	(2.2)
Utilized in current year	(3.3)	(0.1)	(0.6)	(4.0)
Exchange differences	(0.4)	-	(0.1)	(0.5)
As of December 31, 2015	**2.0**	**0.2**	**1.3**	**3.5**

in CHF millions	Employee entitlements	Others	Total
Non-current			
As of January 1, 2014	**1.4**	**1.5**	**2.9**
Additions	0.3	0.1	0.4
Utilized in current year	(0.3)	(0.1)	(0.4)
Exchange differences	0.1	0.1	0.2
As of December 31, 2014	**1.5**	**1.6**	**3.1**
Additions	0.3	0.8	1.1
Utilized in current year	0.8	(0.1)	0.7
Exchange differences	(0.1)	(0.1)	(0.2)
As of December 31, 2015	**2.5**	**2.2**	**4.7**

Product warranty
The Group issues warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision of CHF 2.0 million (2014: CHF 4.9 million) has been recognized at the year-end for expected warranty claims based on past experience of the level of repairs and returns.

Employee entitlements
Employee entitlement provisions are calculated on the basis of local labor laws of the respective countries. The amounts provided for are calculated using the average wage and years of service. The timing of cash outflow is uncertain.

Others
Others relate principally to litigation cases in various countries. The timing of cash outflow is uncertain.

23. Other non-current liabilities

in CHF millions	2015	2014
Deferred purchase consideration	4.4	21.0
Other non-current liabilities	1.6	2.0
Total other non-current liabilities	**6.0**	**23.0**

The deferred purchase consideration relates to the acquisition of businesses in 2011, 2013, 2014 and 2015.

24. Retirement benefit assets and obligations

Defined benefit plans in Switzerland
According to the Swiss pension law (BVG), pension plans are to be managed by independent, legally autonomous units. The defined benefit plan covers all employees in Switzerland and exceeds the minimum benefit requirements under Swiss pension law. Contributions to the plan are paid by the employees and the employer. For all employees, contributions are calculated as a percentage of contributory salary and are deducted monthly. In addition, the company pays risk contributions, which are used to finance benefits paid out in the event of death and disability, as well as to finance retirement benefits and survivors' bridging pensions. The benefits of the plan participants include retirement benefits and disability, death and survivor pensions. The plan provides a lifetime pension to members at the retirement age of 65. At retirement, a portion or the full amount can be taken as a lump sum payment. The amount of pension payable is calculated based on the conversion rate applied on the accumulated savings balance of the individual plan participant's pension account at the retirement date. The accumulated savings balance on the pension account is based on the employee and employer contributions that have been made to the pension account of each individual plan participant, as well as the interest accrued on the accumulated balance. The interest rate accrued is defined annually by the Pension Foundation Board. The investment strategy of the plan is in line with Swiss pension law, including the rules and regulations relating to diversification of plan assets. The Pension Foundation Board strives for a medium- and long-term consistency and sustainability between assets and liabilities. According to Swiss pension law, a temporary limited underfunding is permitted. However, the Pension Foundation Board is required to take the necessary measures to ensure that full funding can be expected to be restored within a period up to a maximum of ten years. Under Swiss pension law, if a pension plan became significantly underfunded on a Swiss pension law basis, additional employer and employee contributions could be required. In these situations, the risk is shared between employer and employees, and the employer is not legally obliged to cover more than 50% of the additional contributions required. The Swiss pension plan has a technical funding ratio under Swiss pension law of 103.3% as of December 31, 2015 (2014: 106.7%), and thus it is not expected that additional contributions will be required in the next year.

Defined benefit plans in other countries

Defined benefit plan in Japan
The defined benefit plan in Japan is managed by an independent, legally autonomous unit according to Japanese law. The defined benefit pension plan covers about one third of the employees in Japan and will not enroll any more employees. Contributions to the plan are paid by the employer only. Contributions are calculated as percentage of contributory salary. The benefits of the plan participants include retirement benefits, death and survivor pensions. The plan provides a 10-year pension to members at the retirement age of 62. At retirement, the employee can choose either a lump sum payment or a 10-year pension (pension option is available only for employees with more than 15 years of service). The accumulated savings balance on the pension account is based on the employer contributions that have been made to the pension account of each individual plan participant, as well as the interest accrued on the accumulated balance. A temporary limited underfunding is permitted. Once every 3 years, there is an assessment of funding according to Japanese regulations. If the pension plan is underfunded, the monthly contribution amounts are increased starting at the beginning of the following year. The pension plan has a technical funding ratio of 149.0% as of December 31, 2015 (2014: 141.4%), and thus it is not expected that additional contributions will be required in the next year.

Defined benefit plan in Taiwan

The defined benefit plan in Taiwan is governed under the New Pension Act. The pension plan covers all employees. The pension payable is calculated as percentage of contributory salary whereof a portion is paid into a fund kept on the employee's account with the Labor Bureau. Contributions to the plan are paid by the employees and the employer. The benefits of the plan participants include retirement benefits. The plan provides a lifetime pension to members at retirement age of 65 years. At retirement, a portion or the full amount can be taken as a lump sum payment. The accumulated savings balance, which corresponds to the pension payable, is based on the contributory salary percentages of each individual plan participant, as well as the interest accrued on the accumulated balances. As the contributions are in accordance with Taiwanese law, it is not expected that additional contributions will be required in the next year.

Defined benefit plan in the Philippines

The defined benefit plan in the Philippines is governed under the Philippine statute covering pension mandates and exceeds the minimum benefit requirements under Philippine labor law. The plan is managed by a separate autonomous unit. The pension plan covers all employees. Contributions to the plan are paid by the employer. The contribution is calculated as a percentage of basic salary for all employees. This contribution covers benefits paid out in the event of retirement, death, illness or disability. The plan provides a lump sum payment to members at the retirement age of 60. The amount of pension payable is calculated based on the conversion rate of final salary and years in service at the retirement date. There is no provision for funding levels under Philippine law. As of December 31, 2015 and 2014, respectively, the pension fund had a net surplus and thus additional contributions are not expected to be made next year.

Defined benefit plan in Thailand

The defined benefit plan in Thailand is governed under the Labor Protection Act B.E 2541 (1998) and exceeds the minimum benefit requirements under Thai pension law. According to local law, no funding of the pension liability is required. The individual pension payable is calculated as one month's salary per year of service under the severance pay plan and one-quarter of the last month's basic salary times the number of service years for each full year served under the gratuity pay plan. The maximum number of accumulating service years under the severance pay plan is limited to 10 years. The benefits of the plan participants include retirement benefits and retrenchment. The plan provides a lump sum payment based on the last drawn basic monthly salary at the retirement age of 60 years.

The expenses for defined benefit plans recognized in the income statement are as follows:

in CHF millions	2015	2014
Current service costs	8.8	8.4
Past service costs	-	(0.2)
Net interest cost	0.5	0.3
Expense for defined benefit pension plans	**9.3**	**8.5**

The funded and unfunded defined benefit obligation is as follows:

in CHF millions	2015	2014
Defined benefit obligation	(195.9)	(201.9)
thereof unfunded	(11.0)	(12.3)
Fair value of plan assets	174.5	184.0
Funded status	**(21.4)**	**(17.9)**
Impact of minimum funding requirement/asset ceiling	(0.1)	(0.1)
Net retirement benefit liability recognized in the statement of financial position	**(21.5)**	**(18.0)**
Retirement benefit assets recognized in the statement of financial position	4.7	9.3
Retirement benefit obligations recognized in the statement of financial position	26.2	27.3

As of December 31, 2015, pension plans in Japan, the Philippines and the principal plan in Switzerland were in a surplus situation and other pension plans in Switzerland were in a deficit situation. The pension plan in Thailand does not include a funding requirement and the plan in Taiwan requires only partial funding.

in CHF millions	2015	2014
Switzerland		
Defined benefit obligation	(168.2)	(173.1)
Fair value of plan assets	162.7	172.2
Funded status	**(5.5)**	**(0.9)**
Other countries		
Defined benefit obligation	(27.7)	(16.5)
thereof unfunded	(11.0)	(12.3)
Fair value of plan assets	11.8	11.8
Funded status	**(15.9)**	**(4.7)**

The movement in the defined benefit obligation is as follows:

in CHF millions	2015	2014
At the beginning of the year	**201.9**	**179.8**
Current service cost	8.8	8.4
Past service cost	-	(0.2)
Interest cost	2.8	3.9
Remeasurements included in other comprehensive income		
Actuarial gain from the effect of changes in demographic assumptions	(6.7)	(0.2)
Actuarial (gain)/loss from the effect of changes in financial assumptions	7.1	19.3
Actuarial gain from the effect of experience adjustments	0.8	(2.1)
Employee contributions	3.2	2.9
Benefits paid	(19.9)	(12.3)
Acquisitions/divestments	-	0.2
Insurance premiums for risk benefits	(0.4)	(0.3)
Exchange differences	(1.7)	2.5
At the end of the year	**195.9**	**201.9**

The movement in the fair value of plan assets is as follows:

in CHF millions	2015	2014
At the beginning of the year	**184.0**	**171.4**
Interest income	2.3	3.6
Remeasurements included in other comprehensive income		
Return on plan assets (excluding interest income)	(1.6)	11.7
Employee contributions	3.2	2.9
Employer contributions	6.2	5.5
Benefits paid	(18.6)	(11.5)
Insurance premiums for risk benefits	(0.4)	(0.3)
Exchange differences	(0.6)	0.7
At the end of the year	**174.5**	**184.0**

The Group expects to contribute CHF 6.1 million to its defined benefit pension plans in 2016 (2015: CHF 5.4 million).

Plan assets are composed as follows:

in CHF millions	2015	2014
Cash	9.0	8.9
Investments quoted in active markets		
Equity funds	48.6	54.9
Fixed-income funds	60.5	74.9
Real Estate funds	29.5	31.4
Corporate bonds	4.5	3.1
Unquoted investments		
Debt investments	1.4	1.5
Real estate	2.0	2.1
Assets held by insurance companies	19.0	7.2
Total	**174.5**	**184.0**

Pension plan assets do not include buildings occupied by the Group, with the exception of one property with a market value of CHF 2.0 million (2014: CHF 2.1 million) in the Philippines.

The principal actuarial assumptions used are as follows:

in %	2015	2014
Switzerland		
Discount rate		
Active	0.9	1.2
Retired	0.5	1.2
Future salary increases	1.5	1.5
Other countries		
Discount rate	0.3 - 6.3	0.4 - 5.3
Future salary increases	3.0 - 6.0	3.0 - 5.5
Future pension increases	1.6	-

Assumptions regarding future mortality experience are set based on advice from actuaries, published statistics and experience in each country.

The life expectancy post retirement as at December 31, 2015, is as follows:

in years	2015	2014
Switzerland		
Male	21.6	21.5
Female	24.1	24.0
Other countries		
Male	14.5 - 18.5	14.5 - 18.2
Female	23.5 - 24.8	23.5 - 24.6

The sensitivity of the defined benefit obligation to changes of significant assumptions as at December 31, 2015, is as follows:

in CHF millions	2015
Switzerland	
Discount rate increase by 0.5%	(11.1)
Discount rate decrease by 0.5%	12.6
Rate of salary increase by 0.5%	2.6
Rate of salary decrease by 0.5%	(2.6)
Rate of pension increase by 0.5%	8.2
Rate of pension decrease by 0.5%	(7.5)
Life expectancy increase by 1 year	5.8
Life expectancy decrease by 1 year	(5.9)
Other countries	
Discount rate increase by 0.5%	(1.5)
Discount rate decrease by 0.5%	1.6
Rate of salary increase by 0.5%	1.5
Rate of salary decrease by 0.5%	(1.3)
Rate of pension increase by 0.5%	0.2
Rate of pension decrease by 0.5%	(0.1)
Life expectancy increase by 1 year	0.1
Life expectancy decrease by 1 year	(0.1)

The weighted average duration of the defined benefit plan obligation as December 31, 2015, is 14.5 years (2014: 15.0 years).

25. Equity, share capital and treasury shares

	Nominal value in CHF	Total number of shares
As of January 1, 2014	**0.1**	**64,330,829**
Issue of new shares 2014	0.1	712,134
As of December 31, 2014, and January 1, 2015	**0.1**	**65,042,963**
Issue of new shares 2015		-
As of December 31, 2015	**0.1**	**65,042,963**

In 2015, the Group had no changes in its share capital (2014: increase of 712,134 shares).

An ordinary dividend of CHF 1.15 per common registered share was paid in 2015 (2014: CHF 0.95 ordinary and CHF 0.15 extraordinary). Total dividend payments amounted to CHF 74.8 million (2014: CHF 70.8 million).

The total authorized number of shares as of December 31, 2015, of DKSH Holding Ltd. is 65,042,963 (2014: 65,042,963) with a par value of CHF 0.10 per share. All issued shares are fully paid in. The Group holds 778 treasury shares as of December 31, 2015 (2014: 778).

The Ordinary General Meeting held on April 16, 2013, approved the Board of Directors' proposal to increase conditional share capital by 500,000 shares or CHF 0.1 million. As of December 31, 2015, the Company's conditional share capital amounts to 282,537 shares (2014: 282,537 shares) or CHF 0.03 million (2014: CHF 0.03 million).

As of December 31, 2015, the Company does not have authorized share capital (2014: CHF 0.0 million).

At the Ordinary General Meeting scheduled for March 30, 2016, a CHF 1.30 ordinary dividend per registered share is to be proposed in respect of 2015 (2014: CHF 1.15). These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending December 31, 2016. Dividends payable are not accounted for until they have been ratified at the Ordinary General Meeting.

Other reserves and retained earnings include statutorily restricted reserves of CHF 134.3 million as of December 31, 2015 (2014: CHF 134.4 million).

26. Earnings per share

The following reflects the data used in the basic and diluted earnings per share computations for the years ending December 31:

in CHF millions	2015	2014
Profit after tax attributable to the shareholders of the Group	202.6	192.2
Weighted average number of shares during the year	65,042,963	64,875,173
Dilutive shares	25,131	-
Adjusted weighted number of shares applicable to diluted earnings per share	65,068,094	64,875,173

There have been no other transactions involving registered shares between the financial reporting date and the date of completion of these financial statements.

27. Share-based payments

IPO Execution and Retention Award

In January 2011, the Group established the IPO Execution and Retention Award to provide selected managers with an opportunity to receive shares of DKSH if certain share prices and EBIT targets are achieved, thus providing an incentive for these managers to contribute to the long-term development of share price and Group EBIT. The plan is equity-settled. At grant date (January 2011), a total of 1,134,200 PSUs have been granted. A PSU represents the right to the future transfer of shares. The amount of shares to be received for each PSU ("vesting multiple") depends on the development of share price and EBIT during the vesting period and can be between 0.0 and 2.0 shares per PSU. The awarded PSUs are to vest in three portions; one-third at the time of the IPO, one-third a year after the IPO and one-third two years after the IPO. The vesting multiple depends 50% weighted on the share price multiple and 50% weighted on the EBIT multiple. Vesting of each installment is subject to continued employment. Vesting for the third and final installment was on March 20, 2014 with no lock-up. The fair value at grant was a total of CHF 17.4 million. There was no expense recognized for the period relating to the IPO Execution and Retention Award – equity settled (2014: CHF 2.0 million).

Long-Term Incentive Plan (LTIP)

In 2015 a new LTIP has been implemented with the the purpose to provide eligible key managers of the DKSH Group to become shareholders of the Company, to participate in the future long-term success and prosperity of the DKSH Group and to further align long-term interest of the key managers and the DSKH Group. Every year, a fixed number of performance share units (PSU) shall be granted to eligible key managers by, and at the full discretion of, the Board of Directors; the number of PSU is separately defined for each individual key manager and the plan is contemplated to run from the financial year 2015. In principle, each PSU is an entitlement to a maximum of 1.5 shares of the Company, provided certain performance targets are achieved during the three-year performance period. In case the performance does not reach certain predetermined thresholds after three years, no shares of the Company will vest under the LTIP. For the purposes of the new LTIP, the Company's long-term performance is gauged by a 50% weighting linked to the EBIT of the DKSH Group as reported in the Company's last annual report prior to the end of the three-year performance period and a 50% weighting linked to the share price measured as the average of the 20 days' closing share price prior to the end of the three year performance period (jointly the Vesting Multiple). At the end of a three-year performance period, the number of PSU vesting shall be calculated by multiplying the number of granted PSU per key manager with the Vesting Multiple. Furthermore, shares may be allocated only following the end of a three-year performance period, provided the key manager has a valid employment relationship with the Company at the time of share allocation and subject to pre-determined performance conditions. If the key manager terminates his/her employment contract during a performance period or if the employment contract is terminated by the employer for cause, the PSU shall lapse without any compensation. Under this plan, 33'508 restricted shares were granted in March 2015.

Total expense recognized in 2015 relating to the new LTIP amounted to CHF 0.6 million (2014: CHF 0.0 million).

Total expense

Total expense recognized for the period relating to share-based payment transactions (all of them equity-settled) amounted to CHF 0.6 million (2014: CHF 2.0 million).

28. Acquisitions and disposals

Acquisitions

During the business year 2015, the Group acquired shares in the following companies:

Company	Country of incorporation	Legal ownership	Effective date	Consolidation method	Employees
Andreas Jennow A/S	Denmark	100%	June 30, 2015	Full	15

Effective June 30, 2015, the Group purchased 100% of the shares of Andreas Jennow A/S, a privately held company based in Denmark. Andreas Jennow A/S is a specialty chemicals distributor with activities in Denmark, Sweden, Finland, Norway, Iceland, Estonia, Latvia and Lithuania.

From the dates of acquisition, acquired businesses contributed net sales amounting to CHF 12.6 million and a combined profit after tax of CHF 0.5 million. Assuming the business had been acquired as of January 1, 2015, the contribution for the net sales would have been CHF 25.2 million with a corresponding profit after tax of CHF 1.0 million as of December 31, 2015.

The fair value of the identifiable assets and liabilities acquired in 2015 as of the dates of acquisition are:

in CHF millions	**Fair value recognized on acquisition**
Assets	
Cash and cash equivalents	0.1
Trade receivables	5.5
Inventories	2.8
Other current assets	0.5
Property, plant and equipment	0.1
Other non-current assets	0.1
Liabilities	
Trade payables	(3.0)
Current borrowings	(1.5)
Other current liabilities	(0.8)
Net assets acquired	**3.8**
Goodwill on acquisitions	9.4
Purchase consideration	**13.2**
Deferred purchase consideration	(4.4)
Purchase consideration paid in cash	8.8
Cash and cash equivalents acquired	0.1
Net cash outflow	**(8.7)**

The fair value of trade receivables amounts to CHF 5.5 million and is equivalent to the gross contractual amount of trade receivables.

The goodwill of CHF 9.4 million relates to non-contractual supplier and customer relationships, synergies and footprint improvements. None of the goodwill is expected to be deductible for income tax purposes.

The deferred purchase price depends on the further development of the acquired businesses, timing and exercise of options. The amount currently recognized reflects the present value of the most likely outcome of the amount to be paid.

The allocation of the purchase price was based upon a preliminary valuation, and the estimates and assumptions used are subject to change within the one-year purchase price allocation period.

During the business year 2014, the Group acquired shares in the following companies:

Effective February 13, 2014, the Group purchased 100% of the shares of The Glory Medicine Ltd., a privately held company based in Macao. The Glory Medicine Ltd. represents a distributor and service provider for healthcare products.

Effective June 13, 2014, the Group purchased 100% of the shares of Zeus Química S.A. and Zeus Química LDA, privately held companies based in Spain and Portugal, respectively. The Zeus Química business represents a specialty chemicals distributor.

From the dates of acquisition, acquired businesses contributed net sales amounting to CHF 58.9 million and a combined profit after tax of CHF 1.5 million. Assuming the businesses had been acquired as of January 1, 2014, the contribution for net sales would have been CHF 94.8 million with a corresponding combined profit after tax of CHF 2.6 million as of December 31, 2014.

The fair value of the identifiable assets and liabilities acquired in 2014 as of the dates of acquisition are:

in CHF millions	**Fair value recognized on acquisition**
Assets	
Cash and cash equivalents	3.4
Trade receivables	18.6
Inventories	8.4
Other current assets	1.4
Intangible assets	0.4
Property, plant and equipment	2.8
Deferred tax assets	6.2
Other non-current assets	0.1
Liabilities	
Trade payables	(7.1)
Current borrowings	(4.8)
Other current liabilities	(4.9)
Non-current borrowings	(2.7)
Deferred tax liabilities	(0.3)
Other non-current liabilities	(0.2)
Net assets acquired	**21.3**
Goodwill on acquisitions	20.3
Purchase consideration	**41.6**
Deferred purchase consideration	(0.8)
Purchase consideration paid in cash	40.8
Cash and cash equivalents acquired	3.4
Net cash outflow	**(37.4)**

Disposals

Effective August 1, 2015, the Group disposed its shareholding in Premium Pet Product Norway A/S, a business specialised in the sale and marketing of leading international brands of pet care products in Norway.

Details on net assets disposed are as follows:

in CHF millions	Carrying value derecognized on disposal
Assets	
Cash and cash equivalents	0.3
Trade receivables	1.3
Inventories	1.0
Other current assets	0.2
Accrued income and prepaid expense	0.3
Property, plant and equipment	0.1
Liabilities	
Trade payables	(0.5)
Current borrowings	(0.5)
Other current liabilities	(1.0)
Accrued expenses and prepaid income	(0.3)
Net assets disposed	**0.9**
Recycling of currency translation losses	0.2
Net gain on sale of shareholding	0.5
Proceeds from disposal	**1.6**

The total proceeds were received in cash in 2015. In addition to the sale of Premium Pet Products Norway A/S, the Group recorded gain on sale of shareholding from other transactions in the amount of CHF 0.2 million.

During the business years 2014, the Group had no disposals of its shareholdings.

29. Related party transactions

The following transactions were with related parties:

in CHF millions	2015	2014
Sales of goods, services and financial assets		
Associates	1.1	-
Joint ventures	1.2	1.5
Others	1.1	-
	3.4	**1.5**
Purchases of goods and services		
Shareholders	1.3	1.4
Associates	2.7	0.9
Joint ventures	1.1	0.3
Others	-	-
	5.1	**2.6**
Year-end balances arising from related party transactions		
Trade receivables		
Associates	0.1	-
	0.1	**-**
Other receivables and prepayments		
Joint ventures	0.2	0.3
	0.2	**0.3**
Trade payables		
Associates	0.1	-
Joint ventures	0.2	-
	0.3	**-**
Other payables		
Shareholders	0.1	0.1
	0.1	**0.1**

The total remuneration recognized as an expense in the reporting period for the members of the Board of Directors and the Executive Board is as follows:

in CHF millions	2015	2014
Executive Board	10.6	15.1
Board of Directors	2.5	2.4

The total remuneration recognized as an expense in the reporting period for the Executive Board includes CHF 8.2 million (2014: CHF 11.9 million) cash-based payments, including both salary and awarded incentive-based compensation, CHF 0.4 million (2014: CHF 1.7 million) share-based payments, CHF 0.8 million (2014: CHF 0.9 million) post-employment benefits, and CHF 1.2 million (2014: CHF 0.6 million) other employee benefits.

The total remuneration recognized as an expense in the reporting period for the Board of Directors includes CHF 2.5 million (2014: CHF 2.4 million) cash-based payments.

As of December 31, 2015 and 2014, no loans or any other commitments were outstanding to members of the Board of Directors and Executive Board. See Note 27 for more details regarding share-based payments.

30. Contingencies

As of December 31, 2015, the Group has outstanding corporate guarantees of CHF 2.6 million (2014: CHF 2.6 million) in favor of joint ventures, as well as CHF 17.8 million (2014: CHF 17.8 million) in favor of related businesses. The Group assesses it is improbable that an outflow of resources embodying economic benefits will be required to settle the obligation. Therefore, no amount has been recognized in the statement of financial position with regard to these guarantees.

31. Commitments

There are no capital expenditure commitments at the financial reporting date.

Operating lease commitments
The future minimum lease payments under non-cancellable operating leases are as follows:

in CHF millions	2015	2014
Not later than 1 year	67.0	65.3
Later than 1 year and not later than 5 years	137.9	130.9
Later than 5 years	41.3	56.7
Total commitments under operating leases	**246.2**	**252.9**

32. Financial instruments – additional information

The Group is exposed to the market risk from changes in currency exchange rates and interest rates. To manage the volatility relating to these exposures, the Group enters into various derivative transactions according to the Group's policies. Counterparties to these agreements are major international financial institutions. The Group does not hold or issue derivative financial instruments for trading purposes and is not a party to leveraged instruments. The notional amount of forward exchange contracts represents the gross amount of the contracts and includes outstanding transactions as of December 31, 2015.

Net investment hedges
The Group entered into forward foreign exchange contracts that are designated as hedging the foreign currency exposures of net investments in foreign operations. The fair values are derived from discounted cash flows arising from the forward exchange contracts at market rates. The hedges are fully effective and there was no ineffectiveness to be recognized in the profit and loss statement.

in CHF millions	2015	2014
Current assets	0.6	0.3
Current liabilities	(1.7)	(0.2)
Net fair value of net investment hedges	**(1.1)**	**0.1**
Swiss Franc equivalent notional amount of forward exchange contracts	86.8	32.2

Non-designated hedges

The Group entered into forward foreign exchange contracts that are not designated as hedging instruments. The fair values are derived from discounted cash flows arising from the forward exchange contracts at market rates. The Group recorded a net gain of CHF 18.3 million (2014: net loss of CHF 7.2 million) in the profit and loss statement to recognize the change in the fair values of these derivatives.

As a result of the Group's foreign exchange hedging policy, these gains and losses on derivative instruments offset the balance sheet revaluation of financial assets and liabilities. In 2015, the Group recorded a net loss of CHF 18.4 million (2014: net gain of CHF 5.3 million) from revaluation of balance sheet items.

Foreign exchange contracts

in CHF millions	2015	2014
Current assets	2.5	9.0
Current liabilities	(7.8)	(6.6)
Net fair value of foreign exchange contracts	**(5.3)**	**2.4**
Swiss Franc equivalent notional amount of derivative financial instruments	593.2	711.4

The derivative assets and liabilities have been included in other receivables and other payables and accrued expenses in the statement of financial position. The amount of derivative assets of CHF 3.1 million as of December 31, 2015 (2014: CHF 9.3 million) represents the Group's exposure to credit risk from derivative financial instruments.

Financial instruments by category as of December 31, 2015, are as follows:

in CHF millions	Loans and receivables [1]	Derivatives at fair value through profit and loss	Derivatives used for hedging	Available-for-sale	Total
Trade receivables	1,801.9	-	-	-	1,801.9
Other receivables current	232.5	2.5	0.6	-	235.6
Other receivables non-current	3.1	-	-	-	3.1
Financial assets	17.1	-	-	4.4	21.5
Total	**2,054.6**	**2.5**	**0.6**	**4.4**	**2,062.1**

[1] The Group determined the present value of the expected exercise price to be a fair approximation of its fair value.

in CHF millions	Derivatives at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities measured at amortized cost [2]	Total
Borrowings current [1]	-	-	26.3	26.3
Financial lease liabilities	-	-	0.1	0.1
Trade payables	-	-	1,946.2	1,946.2
Other payables	7.8	1.7	71.6	81.1
Other liabilities non-current	-	-	4.4	4.4
Borrowings non-current [1]	-	-	76.2	76.2
Total	**7.8**	**1.7**	**2,124.8**	**2,134.3**

[1] Excluding finance lease liabilities.
[2] The Group determined the present value of the expected exercise price to be a fair approximation of its fair value.

Financial instruments by category as of December 31, 2014, are as follows:

in CHF millions	Loans and receivables [1]	Derivatives at fair value through profit and loss	Derivatives used for hedging	Available-for-sale	Total
Trade receivables	1,869.8	-	-	-	1,869.8
Other receivables current	199.0	9.0	0.3	-	208.3
Other receivables non-current	2.6	-	-	-	2.6
Financial assets	19.2	-	-	3.9	23.1
Total	**2,090.6**	**9.0**	**0.3**	**3.9**	**2,103.8**

[1] The Group determined the present value of the expected exercise price to be a fair approximation of its fair value.

in CHF millions	Derivatives at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities measured at amortized cost [2]	Total
Borrowings current [1]	-	-	72.1	72.1
Financial lease liabilities	-	-	0.2	0.2
Trade payables	-	-	1,887.5	1,887.5
Other payables	6.6	0.2	61.7	68.5
Other liabilities non-current	-	-	21.0	21.0
Borrowings non-current [1]	-	-	28.8	28.8
Total	**6.6**	**0.2**	**2,071.3**	**2,078.1**

[1] Excluding finance lease liabilities.
[2] The Group determined the present value of the expected exercise price to be a fair approximation of its fair value.

33. Events after financial reporting date

There are no significant events after the balance sheet date.

34. Principal subsidiaries as of December 31, 2015

Company name	Currency	Capital in thousands	Ownership and voting rights %
Holding and management companies			
DKSH Management Ltd., Zurich [1]	CHF	2,000	100.00
Diethelm & Co Ltd., Zurich [1]	CHF	3,000	100.00
DKSH China Holding Ltd., Hong Kong [1]	HKD	20,000	100.00
DKSH Corporate Shared Services Center Sdn. Bhd., Kuala Lumpur [1]	MYR	5,000	100.00
DKSH Holdings (Asia) Sdn Bhd., Kuala Lumpur [1]	MYR	30,000	100.00
DKSH Holdings (Malaysia) Bhd., Petaling Jaya	MYR	500,000	74.31
DKSH Holding (S) Pte Ltd., Singapore [1]	SGD	23,703	100.00
DKSH Management Pte Ltd., Singapore [1]	SGD	2,000	100.00
Operating companies			
Switzerland			
DKSH Switzerland Ltd., Zurich [1]	CHF	20,000	100.00
Maurice Lacroix S.A. (International), Saignelégier	CHF	1,000	51.00
DKSH International Ltd., Zurich [1]	CHF	500	100.00
Medinova AG, Zurich [1]	CHF	250	100.00
Queloz S.A., Saignelégier	CHF	50	90.00
Asia			
DKSH Australia Pty Ltd., Hallam [1]	AUD	8,465	100.00
DKSH Pharmaceutical (Shanghai) Ltd., Shanghai	CNY	10,000	90.00
DKSH Hong Kong Ltd., Hong Kong [1]	HKD	100,000	100.00
DKSH CL (Hong Kong) Ltd. Taiwan Branch, Taipei	HKD	5,000	100.00
DKSH India Pvt. Ltd., Bombay-Mumbai [1]	INR	100,000	100.00
DKSH Japan K.K., Tokyo [1]	JPY	1,600,000	100.00
DKSH (Cambodia) Ltd., Phnom Penh [1]	KHR	4,000,000	100.00
DKSH (Korea) Ltd., Seoul [1]	KRW	30,000,000	100.00
Diethelm & Co. Ltd., Yangon [1]	MMK	90	98.00
Diethelm Services Ltd. (Myanmar), Yangon [1]	MMK	50	100.00

Company name	Currency	Capital in thousands	Ownership and voting rights %
DKSH Resources Sdn. Bhd., Petaling Jaya	MYR	60,000	100.00
DKSH Malaysia Sdn Bhd., Petaling Jaya	MYR	50,000	74.31
DKSH Distribution (Malaysia) Sdn Bhd., Kuala Lumpur	MYR	50,000	74.31
DKSH Technology Sdn. Bhd., Kuala Lumpur [1]	MYR	5,000	100.00
Bio-Life Marketing Sdn Bhd., Kuala Lumpur	MYR	5,000	100.00
The Famous Amos Chocolate Chip Cookie Corp (M) Sdn Bhd., Petaling Jaya	MYR	1,000	74.31
DKSH Smollan Field Marketing (Malaysia) Sdn Bhd., Kuala Lumpur [1]	MYR	1,500	51.00
DKSH New Zealand Ltd., Auckland [1]	NZD	230	100.00
Edward Keller (Philippines) Inc., Manila [1]	PHP	500,000	100.00
DKSH Philippines Inc., Manila [1]	PHP	11,500	100.00
DKSH Singapore Pte Ltd., Singapore	SGD	13,998	100.00
DKSH Marketing (S) Pte Ltd., Singapore	SGD	4,000	100.00
DKSH (Thailand) Ltd., Bangkok [1]	THB	200,000	75.55
The United Drug (1996) Co. Ltd., Bangkok [1]	THB	40,000	75.55
Diethelm Keller Logistics Ltd., Bangkok	THB	6,000	100.00
DKSH Supply Chain Solutions (Taiwan) Ltd., Tao Yuan County	TWD	500,000	98.55
DKSH Taiwan Ltd., Taipei [1]	TWD	300,000	100.00
Lotus Trading, Ho Chi Minh City	VND	1,300,000	100.00
DKSH (China) Co. Ltd., Shanghai	USD	16,800	100.00
DKSH Vietnam Co. Ltd., Binh Duong [1]	USD	3,300	100.00
Diethelm & Co. Technology Co. Ltd., Ho Chi Minh City [1]	USD	546	100.00
DKSH Shanghai Ltd., Shanghai	USD	200	100.00
PT DKSH Indonesia, Jakarta	IDR	3,000,000	100.00
DKSH Guam, Inc., Dededo	USD	50	100.00
Europe			
DKSH Luxury and Lifestyle Europe GmbH, Pforzheim	EUR	5,000	100.00
DKSH GmbH, Hamburg [1]	EUR	3,068	100.00
DKSH (France) S.A., Miribel [1]	EUR	2,400	100.00
DKSH Great Britain Ltd., Beckenham [1]	GBP	500	100.00
Zeus Quimica S.A., Barcelona	EUR	648	100.00
Andreas Jennow A/S, Birkerod	DKK	3,300	100.00

[1] Direct investments of DKSH Holding Ltd., Zurich

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To the General Meeting of
DKSH Holding Ltd., Zurich

Zurich, February 5, 2016

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of DKSH Holding Ltd., which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement and notes (pages 41 to 94), for the year ended December 31, 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Andreas Bodenmann Licensed audit expert (Auditor in charge)	Nathalie Balett Licensed audit expert

Financial statements DKSH Holding Ltd.

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Income statement

in CHF millions	Notes[1]	2015	2014
Dividend income		97.2	208.0
Financial income		2.1	5.8
Profit from sale of investments		2.4	1.0
Financial expenses		(2.4)	(4.5)
Personnel expenses	2	(2.6)	(2.3)
Other operating expenses	2	(18.8)	(22.5)
Valuation adjustments on non-current assets	4	(103.6)	(3.5)
Profit (loss) before tax		**(25.7)**	**182.0**
Income taxes		-	-
Profit (loss) after tax		**(25.7)**	**182.0**

[1] The accompanying notes on pages 100 to 104 form an integral part of the financial statements of DKSH Holding Ltd.

Balance sheet

in CHF millions	Notes[1]	2015	2014
Cash and cash equivalents		218.2	125.2
Other receivables			
Other receivables from third parties		1.3	1.7
Other receivables from Group companies		208.0	312.1
Accrued income and prepaid expenses		0.3	0.5
Current assets		**427.8**	**439.5**
Loans			
Loans to third parties		1.1	2.4
Loans to Group companies		7.2	20.3
Accrued income and prepaid expenses		0.5	-
Investments	4	312.8	415.1
Non-current assets		**321.6**	**437.8**
Total assets		**749.4**	**877.3**
Payables			
Non-trade payables to third parties		3.5	0.5
Non-trade payables to Group companies		1.3	20.8
Deferred income and accrued expenses		1.1	0.3
Current liabilities		**5.9**	**21.6**
Payables			
Non-trade payables to third parties		-	1.7
Interest-bearing liabilities			
Interest-bearing liabilities to Group companies		-	10.0
Non-current liabilities		**-**	**11.7**
Total liabilities		**5.9**	**33.3**
Share capital	5	6.5	6.5
Legal reserves from capital contribution		2.8	77.6
Legal reserves from retained earning		96.6	96.6
Free reserves			
Retained earnings		663.3	481.3
Net income (loss)		(25.7)	182.0
Total equity		**743.5**	**844.0**
Total equity and liabilities		**749.4**	**877.3**

[1] The accompanying notes on pages 100 to 104 form an integral part of the financial statements of DKSH Holding Ltd.

Notes to the financial statements

1. General

The financial statements of DKSH Holding Ltd. (the "Company") have been prepared in accordance with Article 957 et seqq. of Title 32 of the new Swiss Code of Obligations, which is effective as of January 1, 2013, with a transition period of 3 years.

The previous year's figures were prepared in accordance with the principles of commercial accounting formerly in force as contained in the Swiss Code of Obligations, but are presented here in compliance with the minimum classification prescribed in the new financial reporting legislation.

Group companies are all companies in which the Company, directly or indirectly, has more than 50% of the voting rights or over which it exerts a decisive influence. A Group company is fully consolidated.

The Company does not directly employ staff, as such services are provided by DKSH Management Ltd., Zurich.

The investments are valued at the lower of cost or fair value, using generally accepted valuation principles.

Own shares are valued at the nominal value.

2. Other operating and personnel expenses

The cost charged by DKSH Management Ltd. are recognized in other operating expenses, whereas personnel expenses reflect the remuneration of the Board of Directors.

3. Contingent liabilities

The total of guarantees and warranties in favor of third parties amounted to CHF 308.1 million (2014: CHF 218.0 million) as of December 31, 2015.

DKSH Holding Ltd. belongs to the value added-tax group of its Swiss subsidiaries and therefore has a joint guarantee responsibility toward the Swiss Tax Authority.

4. Investments

in CHF millions	2015	2014
As of January 1	**415.1**	**412.4**
Increase	1.3	6.2
Valuation adjustment	(103.6)	(3.5)
As of December 31	**312.8**	**415.1**

The direct and principal indirect investments held by DKSH Holding Ltd. as of December 31, 2015:

Company name	Currency	Capital in thousands	Ownership and voting rights %
Holding and management companies			
DKSH Management Ltd., Zurich	CHF	2,000	100.00
Diethelm & Co Ltd., Zurich	CHF	3,000	100.00
Maurice Lacroix S.A., Saignelégier	CHF	1,000	51.00
DKSH China Holding Ltd., Hong Kong	HKD	20,000	100.00
DKSH Corporate Shared Services Center Sdn. Bhd., Kuala Lumpur	MYR	5,000	100.00
DKSH Holdings (Asia) Sdn Bhd., Kuala Lumpur	MYR	30,000	100.00
DKSH Holding (S) Pte Ltd., Singapore	SGD	23,703	100.00
DKSH Management Pte Ltd., Singapore	SGD	2,000	100.00
Operating companies			
Switzerland			
DKSH Switzerland Ltd., Zurich	CHF	20,000	100.00
DKSH International Ltd., Zurich	CHF	500	100.00
Medinova AG, Zurich	CHF	250	100.00
Queloz S.A., Saignelégier	CHF	50	90.00
ZD Luxury Watches and Accessories Ltd., Biel	CHF	3,000	51.00
Glycine Watch S.A., Bienne	CHF	188	52.13
Favorex AG, Zug	CHF	200	100.00
La Manufacture des Franches-Montagnes S.A., Montfaucon	CHF	1,000	100.00
Asia			
DKSH Australia Pty Ltd., Hallam	AUD	8,465	100.00
Desco Luxury (Australia) Pty. Ltd., Sydney	AUD	3,200	100.00
DKSH Hong Kong Ltd., Hong Kong	HKD	100,000	100.00
Diethelm Co (S.E.Asia) Ltd., Hong Kong	HKD	1,000	100.00
Swisstec Sourcing Ltd., Hong Kong	HKD	66,426	100.00
DKSH India Pvt. Ltd., Bombay-Mumbai	INR	100,000	100.00
DKSH Japan K.K., Tokyo	JPY	1,600,000	100.00
DKSH (Cambodia) Ltd., Phnom Penh	KHR	4,000,000	100.00
DKSH Korea Ltd., Seoul	KRW	30,000,000	100.00
Diethelm & Co. Ltd., Yangon	MMK	90	98.00

Company name	Currency	Capital in thousands	Ownership and voting rights %
Diethelm Services Ltd. (Myanmar), Yangon	MMK	50	100.00
DKSH Technology Sdn Bhd., Kuala Lumpur	MYR	5,000	100.00
DKSH Smollan Field Marketing (Malaysia) Sdn Bhd., Kuala Lumpur	MYR	1,500	51.00
DKSH Luxury & Lifestyle (Malaysia) Sdn Bhd., Kuala Lumpur	MYR	335	100.00
DM Instrumentation (Malaysia) Sdn Bhd., Kuala Lumpur	MYR	600	100.00
DKSH New Zealand Ltd., Auckland	NZD	230	100.00
Edward Keller (Philippines) Inc., Manila	PHP	500,000	100.00
DKSH Philippines Inc., Manila	PHP	11,500	100.00
DKSH (Thailand) Ltd., Bangkok	THB	200,000	75.55
The United Drug (1996) Co. Ltd., Bangkok	THB	40,000	75.55
DKSH Management (Thailand) Ltd., Bangkok	THB	10,000	100.00
DKSH Taiwan Ltd., Taipei	TWD	300,000	100.00
United International Drug Co. Ltd., Taipei	TWD	5,000	100.00
DKSH Vientam Co. Ltd., Binh Duong	USD	3,300	100.00
Diethelm & Co. Technology Co. Ltd., Ho Chi Minh City	USD	546	100.00
PT DKSH (Indonesia), Jakarta	IDR	58,328,000	99.74
PT Harpers Marketing, Indonesia	IDR	6,700,600	100.00
DKSH Smollan Field Marketing, Singapore	SGD	0	51.00
Europe			
DKSH Luxury and Lifestyle Europe GmbH, Pforzheim	EUR	5,000	100.00
DKSH GmbH, Hamburg	EUR	3,068	100.00
DKSH France S.A., Miribel	EUR	2,400	100.00
DKSH Great Britain Ltd., Beckenham	GBP	500	100.00
DKSH Nordic A/S, Birkerod	DKK	500	100.00
DKSH Italy S.r.l., Milano	EUR	110	100.00
De Muinck & Co's Handelmaatschappij B.V., Amsterdam	EUR	545	100.00
Zeus Quimica LDA, Matosinhos	EUR	75	100.00
America			
DKSH North America Inc., Baltimore	USD	500	100.00
DKSH Luxury & Lifestyle North America Inc., Princeton	USD	0	100.00
DKSH Chile S.A., Santiago de Chile	CLP	54,842	100.00

5. Equity

Share capital

	Nominal value in CHF	Registered shares	Nominal value in CHF
Balance as of January 1, 2015	**0.1**	**65,042,963**	**6,504,296**
Balance as of December 31, 2015	**0.1**	**65,042,963**	**6,504,296**

Own shares

	Number of shares	Total carrying amount[1]
Balance as of January 1, 2014	778	22.3
Balance as of December 31, 2014	**778**	**22.3**
Balance as of December 31, 2015	**778**	**22.3**

[1] In CHF thousands

Significant shareholders

According to the information available to the Board of Directors, the following shareholders have met or exceeded the threshold of 3% of the share capital of DKSH Holding Ltd.:

Shareholder in %	2015	2014
Diethelm Keller Holding Ltd., Switzerland	45.0	45.0
FFP Invest SAS, France	5.9	5.9
Matthews Pacific Tiger Fund, USA	4.2	3.9
Rainer-Marc Frey, Switzerland	3.9	3.9

6. Shareholdings of Board of Directors and Executive Board

Shareholding by members of the Board of Directors

As of December 31, 2015 and 2014, the following numbers of shares were held by members of the Board of Directors and/or parties closely associated with them.

Number of shares held	2015	2014
Adrian T. Keller	58,026	54,026
Rainer-Marc Frey	2,509,666	2,509,666
Dr. Frank Ch. Gulich	3,066	3,066
David Kamenetzky	125	-
Andreas W. Keller	18,186	18,186
Robert Peugeot	9,666	9,666
Dr. Theo Siegert	71,966	71,966
Dr. Hans Christoph Tanner	1,166	1,166
Dr. Joerg Wolle	940,000	1,188,888
Total	**3,611,867**	**3,856,630**

Shareholding by members of the Executive Board

As of December 31, 2015 and 2014, the following numbers of shares were held by members of the Executive Board and/or parties closely associated with them.

Number of shares held	2015	2014
Dr. Joerg Wolle	940,000	1,188,888
Stephen Ferraby	-	-
Martina Ludescher	95,228	126,728
Bernhard Schmitt	141,596	141,596
Bruno Sidler	6,658	6,658
Total	**1,183,482**	**1,463,870**

Marcel Schmid stepped down from the Executive Board on June 30, 2015, at which time he held 22,000 shares of the Company (as of December 31, 2014: 41,680 shares). Gonpo Tsering retired from the Executive Board on October 31, 2015, at which time he held 114,207 shares of the Company (as of December 31, 2014: 238,207 shares).

Proposal appropriation of available earnings

The Board of Directors proposes the following appropriation of available earnings at the Ordinary General Meeting:

in CHF	2015
Retained earnings	
Retained earnings brought forward	663,335,610
Loss after tax	(25,698,801)
Total available earnings	**637,636,809**
Distribution of an ordinary dividend of CHF 1.30 per registered share (65,042,185 shares are entitled to dividends)	84,554,841
To be carried forward	**553,081,968**

Building a better working world

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To the General Meeting of
DKSH Holding Ltd., Zurich

Zurich, February 5, 2016

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of DKSH Holding Ltd., which comprise the income statement, balance sheet and notes (pages 98 to 104), for the year ended December 31, 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2015 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Andreas Bodenmann	Nathalie Balett
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

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