Annual Report 2014

DKSH

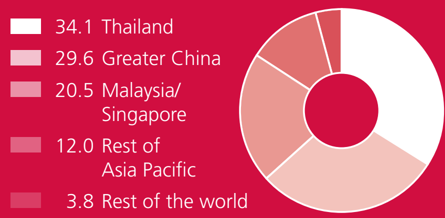
150 YEARS OF MARKET EXPANSION SERVICES

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.

Net sales 2014 by region in %



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 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 physical distribution.

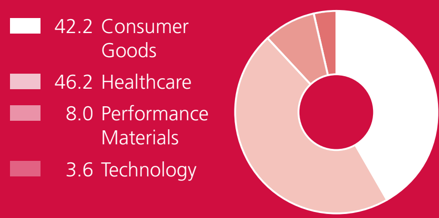
Performance Materials

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.

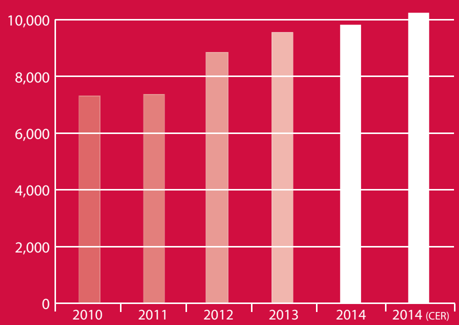
Technology

We cover a broad range of capital investment goods and analytical instruments. The Business Unit offers total solutions in the areas of infrastructure, industrial materials and supplies, precision- and textile machinery, semiconductor, photovoltaic and electronics, agriculture, hospitality as well as specialized industrial applications.

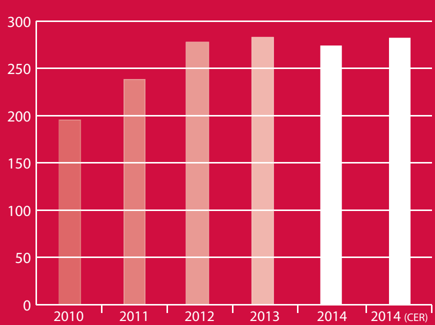
Net sales 2014 by Business Unit in %



Net sales in CHF million (2010 – 2014)

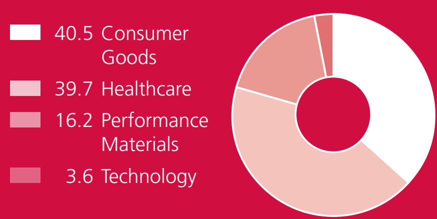


EBIT in CHF million (2010 – 2014)[1]



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

EBIT 2014 by Business Unit in %[2]



[2] EBIT excl. segment "Other"

Contents

Letter to shareholders

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

Dear Shareholders,

Being the leading Market Expansion Services provider with a focus on Asia, DKSH, despite a challenging business environment, continued to grow in 2014 at constant exchange rates. All Business Units contributed to this performance.

We are well aware that for you, dear shareholders, the performance of DKSH in Swiss francs is of high importance. Against the backdrop of foreign exchange rate depreciations of more than 4% at Group level, however, we are also presenting our 2014 results at constant exchange rates. They emphasize DKSH's continued growth in the local markets and its competitive strength. Moreover, the focus on constant exchange rates ensures comparability of the results between 2013 and 2014.

In line with our corporate strategy, the focus in 2014 was on enhancing organic growth through expanding business with existing clients, multiplying success stories from country to country and new business development. In addition, we further strengthened our business with two bolt-on acquisitions in Macao as well as Spain and Portugal.

Net sales grew by 7.1% at constant exchange rates to CHF 10.2 billion. Organic growth was 6.4%, while just 0.7 percentage points of net sales growth resulted from M&A activities. The depreciation of Asian currencies negatively impacted net sales by 4.4%. Reported in Swiss francs, net sales accordingly increased by 2.7% to CHF 9.8 billion.

Despite the more challenging than expected market conditions in Thailand, operating profit before interest and taxes (EBIT) increased by 0.7% to CHF 284.1 million at constant exchange rates. Reported in Swiss francs, EBIT amounted to CHF 272.7 million. The economic implications of the challenging political situation in Thailand were more profound and enduring than expected, which led to lower demand for higher-margin luxury and lifestyle products as well as consumer goods and resulted in reduced industrial investments. The further depreciation of the Japanese yen, the political unrest in Hong Kong and the reduced demand for luxury products in China impacted business additionally.

Profit after tax reached CHF 201.3 million at constant exchange rates. Reported in Swiss francs, profit after tax was CHF 195.5 million.

Free Cash Flow in 2014 amounted to CHF 188.4 million, thereby almost reaching last year's figure of CHF 191.8 million. As announced along with the half-year 2014 results and to increase capital market transparency and comparability, the Free Cash Flow definition has been changed.

Against the backdrop of DKSH's resilient business model as well as favorable outlook, the Board of Directors, in our 150th anniversary year, decided to increase the long-term dividend payout range from 25–35% to 30–50% of profit after tax.

In line with the progressive dividend policy practiced since many years, the Board of Directors will propose to the Annual General Meeting (AGM) in March 2015 an ordinary dividend of CHF 1.15 per share for the financial year 2014. The ordinary dividend thereby would be 21% higher than last year and represent a payout ratio of 38.9%.

Payment date for this dividend, if approved by the AGM, will be on April 8, 2015 (record date: April 7, 2015; ex-dividend date: April 2, 2015). Dividends will be paid from reserves of capital contributions and thus be tax-exempt for Swiss-domiciled private shareholders.

DKSH completed two bolt-on acquisitions in 2014. With the takeover of Glory, an established healthcare distributor in Macao, we not only added a direct presence in that market for the Business Unit Healthcare, but also reinforced our position as the leading Market Expansion Services provider for pharmaceuticals, consumer health and medical devices companies in the Greater China region.

With the acquisition of Zeus Química, a top-ranking specialty chemicals distributor in Spain and Portugal in June, we considerably strengthened our market position in Europe, while we complemented our market leadership in Asia. Zeus Química offers a full range of specialty products for the polymers, paints and coatings, personal care, food and pharmaceutical sectors. Notably, the company has been able to increase net sales and profitability continuously during the years of financial crisis on the Iberian Peninsula. Through the incorporation of Zeus Química into the DKSH platform, our existing partners and clients can now also take advantage of our service portfolio on the Iberian Peninsula.

With both acquisitions, DKSH confirms its position as the industry consolidator in the fast-growing but still highly fragmented Market Expansion Services industry.

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.

In 2014, DKSH continuously invested in the skills and development of its employees. At year-end 2014, DKSH employed 27,550 specialists worldwide, representing an increase of 857 people or 3.2% compared to 2013.

Our well diversified Board of Directors has been further strengthened. In 2014, David Kamenetzky, who is currently responsible for Corporate Affairs and Strategic Initiatives on the Executive Board of Mars, Incorporated, joined the Board. His in-depth understanding of the global consumer goods markets, coupled with his outstanding professional career, make him a perfect fit for our company.

The growth prospects in our markets and Business Units remain promising. With our highly diversified and scalable business model, DKSH is ideally positioned to benefit from the growing middle classes, rising inner-Asian trade and increased outsourcing to specialist services providers like DKSH.

For 2015, DKSH expects a continued dynamic net sales growth and double-digit EBIT growth at constant exchange rates.

Looking into 2016, DKSH continues to project net sales of around CHF 12 billion at constant exchange rates (compound annual growth rate of 8% between 2013 and 2016). For the same period, DKSH anticipates an operating profit (EBIT) of around CHF 380 million at constant exchange rates (compound annual growth rate of 10% between 2013 and 2016) which should translate into profit after tax of some CHF 270 million at constant exchange rates.

We look forward to celebrate our 150th anniversary together with you in 2015 and thank you for your continued trust in our company.

Sincerely yours,

Adrian T. Keller
Chairman

Dr. Joerg Wolle
President & CEO

DKSH share information

Share price and market capitalization

in CHF	2014	2013
Share price (end of period)[1]	76.00	69.30
High[1]	77.65	89.00
Low[1]	59.65	64.35
Market capitalization (in CHF million)[1]	4,943	4,458
Ordinary dividend per share	1.15[2]	0.95
Extraordinary dividend per share	-	0.15

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	2,560,879	3.9
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	At constant exchange rates[1]				
in CHF millions	2014	Change in %	2014	Change in %	2013
Net sales	10,240.7	7.1	9,818.2	2.7	9,559.0
Operating profit (EBIT)[2]	284.1	0.7	272.7	(3.4)	282.2
Operating profit including gain from sale of property	284.1	(8.3)	272.7	(12.0)	309.8
Profit after tax[2]	201.3	(6.0)	195.5	(8.7)	214.1
Profit after tax including gain from sale of property	201.3	(16.7)	195.5	(19.1)	241.7
EBIT margin (in %)[2]	2.8	-	2.8	-	3.0

Consolidated statement of financial position			
in CHF millions	December 31, 2014	December 31, 2013	Change in %
Total assets	3,991.1	3,386.6	17.8
Equity attributable to the shareholders of the Group	1,449.0	1,277.2	13.5
Net operating capital (NOC)	1,174.3	1,078.6	8.9
Net cash	292.5	214.4	36.4
Return on net operating capital (RONOC) (in %)[2]	24.2	25.8	
Return on equity (ROE) (in %)[2]	13.3	15.7	

Earnings per share			
in CHF	2014	2013	Change in %
Basic earnings per share	2.96	3.57	(17.1)
Diluted earnings per share	2.96	3.53	(16.1)

Other			
	December 31, 2014	December 31, 2013	Change in %
Specialists	27,550	26,693	3.2

[1] Constant exchange rates: 2014 figures converted at 2013 exchange rates
[2] Excl. income of CHF 27.6 million from sale of property in Malaysia in 2013

Corporate governance

In overseeing an international company operating in 35 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, 2014, 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 60 to 62) 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
- Others

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, 2014, the Company's market capitalization amounted to CHF 4,943 million (65,042,185 marketable shares at CHF 76.00 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, 2014, DKSH Holdings (Malaysia) Berhad's market capitalization amounted to MYR 848.2 million (157,658,076 ordinary shares at MYR 5.38 per share).

On December 31, 2014, 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 92 to 93), 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, 2014, the Company has as of December 31, 2014 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	3.9
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, 2014 can be found on the website of the Swiss Exchange (SIX) under www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

1.3 Cross-shareholdings

As of December 31, 2014, 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, 2014, 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, 2014, the Company does not have any authorized share capital.

Conditional share capital

As of December 31, 2014, 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 2012 through 2014.

In addition, information about changes in the capital during the years 2013 through 2014 is presented in Note 25 to the Consolidated Financial Statements (page 82).

2.4 Shares and participation certificates

As of December 31, 2014, the Company has issued 65,042,963 fully paid registered shares with a nominal value of CHF 0.10 each. Each share carries one vote (subject to the relevant shareholder being registered in the share register as a shareholder with voting rights).

As of December 31, 2014, 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, 2014, 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 2014.

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 in the Company's share register as a shareholder with voting rights upon request. 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.

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 cancel the entry in the share register of a shareholder or fiduciary/nominee with voting rights, upon a hearing of such

	2012	2013	2014
Number of shares, January 1	62,746,700	63,499,915	64,330,829
Share capital in CHF, January 1	6,274,670.00	6,349,991.50	6,433,082.90
Number of shares, change during year	753,215	830,914	712,134
Share capital in CHF, change during year	75,321.50	83,091.40	71,213.40
Number of shares, December 31	63,499,915	64,330,829	65,042,963
Share capital in CHF, December 31	6,349,991.50	6,433,082.90	6,504,296.30

shareholder or fiduciary/nominee, if the entry in the share register is based on false 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, 2014, 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, 2014:

Name	Function	Committee Membership	Director since	Term expires
Adrian T. Keller	Chairman	• Strategy Committee	2002	2015
Rainer-Marc Frey	Member	• Audit Committee • Strategy Committee	2008	2015
Dr. Frank Ch. Gulich	Member	• Nomination and Compensation Committee	2009	2015
David Kamenetzky	Member		2014	2015
Andreas W. Keller	Member	• Nomination and Compensation Committee (Chairman)	2002	2015
Robert Peugeot	Member	• Nomination and Compensation Committee	2008	2015
Dr. Theo Siegert	Member	• Strategy Committee (Chairman) • Audit Committee	2006	2015
Dr. Hans Christoph Tanner	Member	• Audit Committee (Chairman)	2011	2015
Dr. Joerg Wolle	Member/President & CEO	• Strategy Committee	2002	2015

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 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. 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 on the Supervisory Board of Peugeot SA. He is also member of the Board of Directors of Hermès International SA, Faurecia, IDI Emerging Markets, Sanef, Imerys SA, Holding Reinier, Etablissements Peugeot Frères, Sofina, Financière Guiraud and FFP Invest. 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 AG 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. 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, Lainate, Italy. 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), Joimax GmbH and Qvanteq AG. 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 SiberHegner 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 SiberHegner 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 External mandates
In connection with the implementation of the Ordinance against Excessive Remuneration in Public Corporations (the Ordinance) entered into force on January 1, 2014, the Board of Directors will propose to the shareholders at the Annual General Meeting 2015 the maximum number of mandates a member of the Board of Directors may hold in the supreme governing bodies of legal entities which are required to be registered in the Commercial Register in Switzerland or a comparable foreign register. Mandates in companies controlled by the Company or in companies that control the Company will be exempt by law from these limitations. The Board of Directors proposes that directors may hold no more than 15 additional external mandates, of which no more than eight may be in listed companies.

According to the proposal, mandates held in several companies of the same group will count as one mandate.

3.4 Elections and terms of office
Pursuant to article 16 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 Annual 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 the Annual 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
Allocation of responsibilities within the Board of Directors
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 Annual 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 Annual General Meeting elects the Chairman (the Chairman) and the Board of Directors elects the members of the Board Committees (other than the members of the Nomination and the Compensation Committee, who are elected by the Annual 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:

http://www.dksh.com/data/docs/download/70766/en/Statuten-der-DKSH-Holding-AG.pdf

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; 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 2014, the lead audit partner attended three 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 two members of the Board of Directors, of which the majority must be non-executive and independent. Since the Annual General Meeting 2014, the members of the Nomination and Compensation Committee are directly elected by the shareholders for a one-year term. 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 Annual General Meeting. Accordingly, its current members are Andreas W. Keller (Chairman), Dr. Frank Ch. Gulich and Robert Peugeot. In connection with the implementation of the Ordinance, the basic responsibilities of the Nomination and Compensation Committee will be set out in the Articles of Association subject to approval by the Annual General Meeting 2015.

In line with the principles described in the Articles of Association, the Nomination and Compensation Committee's powers and duties as to remuneration entail the regular review and assessment of:
(i) the remuneration system of the Company and the Group (including long-term incentive compensation);
(ii) the maximum compensation of the Board of Directors and Executive Board;
(iii) the definition of compensation-relevant performance targets, other conditions and review of fulfillment of relevant conditions;
(iv) the compensation of the President & CEO and of the other members of the Executive Board;
(v) the design and execution of employment contracts of the President & CEO and

of the other members of the Executive Board;
(vi) the annual compensation report.

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.

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.

The Nomination and Compensation Committee makes proposals in connection with its powers and duties for decision by the Board of Directors or approval of the Annual General Meeting, respectively.

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 2014:

Attendance per Board meeting through 2014

	March 7, 2014 14:00–16:00	**April 15, 2014 12:15–13:00**	**July 29, 2014 14:30–15:00 Conference call**	**September 9, 2014 9:00–15:00 (Bangkok)**	**December 9, 2014 10:00–15:30**
Adrian T. Keller (Chair)	•	•	•	•	•
Rainer-Marc Frey	•	•	•	•	•
Dr. Frank Ch. Gulich	•	•	•	•	•
David Kamenetzky	[1]	•	•	• via teleconference	• via teleconference
Andreas W. Keller	•	•	•	•	•
Robert Peugeot	• via teleconference	•	•	•	•
Dr. Theo Siegert	•	•	•	•	•
Dr. Hans Christoph Tanner	•	•	•	•	•
Dr. Joerg Wolle	•	•	•	•	•

1 Not yet elected as member of the Board of Directors.

Attendance Executive Board Members

	March 7, 2014	April 15, 2014	July 29, 2014	September 9, 2014	December 9, 2014
Marcel W. Schmid					13:45 –14:15
Bernhard Schmitt	15:30 –15:45		14:30 –15:00	10:30 –11:00	11:00 –11:30
Martina Ludescher				14:15 –14:45	12:00 –12:30

Attendance per Audit Committee meeting through 2014

	March 7, 2014 10:00–13:00	**July 29, 2014 13:30–14:30 Conference call**	**September 8, 2014 17:15–18:45 (Bangkok)**	**December 8, 2014 13:00–16:00**
Dr. Hans Christoph Tanner (Chair)	•	•	•	•
Rainer-Marc Frey	•	•	•	•
Dr. Theo Siegert	•	•	•	•
Adrian T. Keller (as guest)	•	•	•	•

Attendance Executive Board Members

	March 7, 2014	July 29, 2014	September 8, 2014	December 8, 2014
Marcel W. Schmid	•	•		•
Bernhard Schmitt	•	•	•	•
Dr. Joerg Wolle		13:30 –14:00		

Attendance per Strategy Committee meeting through 2014

	April 14, 2014 17:30–19:00	December 8, 2014 16:00–19:00
Dr. Theo Siegert (Chair)	•	•
Rainer-Marc Frey	•	•
Adrian T. Keller	•	•
Dr. Joerg Wolle	•	•

Attendance Executive Board Members

Martina Ludescher	•	•

Attendance per Nomination and Compensation Committee meeting through 2014

	February 19, 2014 11:30–14:00	March 7, 2014 13:00–14:00	July 29, 2014 13:30–14:00 Conference call	September 8, 2014 17:15–18:15 (Bangkok)	November 5, 2014 10:00–11:00	December 9, 2014 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' non-transferable and irrevocable duties include:
(i) the ultimate direction of the Company and the power to issue the necessary directives in this regard;
(ii) the determination of the organization of the Company and the Group;
(iii) the administration of the accounting system, the financial control, as well as the financial planning;
(iv) the appointment and removal of the persons entrusted with the management and representation of the Company, as well as the determination of their signatory power;
(v) the ultimate supervision of the persons entrusted with the management of the Company, in particular with respect to their compliance with the law, the Articles of Association, regulations and directives;
(vi) the preparation of the Annual Report and of Annual General Meetings, including the implementation of the their resolutions;
(vii) notification to the court in case of over-indebtedness; and
(viii) the passing of resolutions confirming share capital increases and the 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, 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 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 a comparison of each to budgeted and prior year figures, 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 April 2011, responsible for Global Accounting & Financial Reporting, Treasury, Controlling and Tax. 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 on February 1, 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 April 2011, responsible for Human Resources, Strategy, Investor Relations, Corporate Communications, Branding, Internal Consulting and Business Process Re-engineering. 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, Ms. Ludescher was a Financial Auditor at Credit Suisse First Boston in Zurich. She holds an MBA from the University of St. Gallen, Switzerland.

Marcel W. Schmid
(1965, Swiss)

Marcel W. Schmid joined DKSH in 2009. In his position as Head Corporate Affairs, Mr. Schmid is responsible for Corporate Legal, Governance, Risk and Compliance, Country Organizations as well as Capital Market Transactions. From 2005 to 2007, he was a member of the Executive Board of the St. Galler Kantonalbank Group, where he was Head of Private Banking. He also served as a member of the Board of Directors of Swisscanto. Between 1996 and 2005, he worked for UBS' Investment Banking Department, where he became a Managing Director in 2003. Previously he spent four years with Ernst & Young in its M&A unit. He holds an MBA from the International Institute for Management Development (IMD) Lausanne, Switzerland, and a Bachelor's degree from the University of Applied Sciences, Zurich, Switzerland.

Gonpo Tsering
(1956, Swiss)

Gonpo Tsering has been a member of the Executive Board since DKSH was formed in 2002. In his function as Head Operations Support, Mr. Tsering is responsible for IT, Merger & Acquisition Transactions, Special Projects and the Business Line Luxury & Watches. Prior to his current appointment, he was CFO of SiberHegner Holding Ltd.; Finance Director of Global Duty Free Business at Rothmans of Pall Mall, Switzerland; Group Finance Director of Diethelm Holdings, Malaysia; and Regional Planning & Control Manager of Ciba-Geigy, Kenya. He is a member of the Board of Directors of Orell Fuessli Holding AG. He graduated from the University of St. Gallen, Switzerland (lic. oec. HSG) in business administration and subsequently obtained an MBA from the International Institute for Management Development (IMD) Lausanne, Switzerland.

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) above.

4.3 External mandates

In connection with the implementation of the Ordinance, the Board of Directors will propose to the shareholders at the Annual General Meeting 2015 the maximum number of mandates a member of the Executive Board may hold in the supreme governing bodies of legal entities that are required to be registered in the Commercial Register in Switzerland or a comparable foreign register. Mandates in companies controlled by the Company or in companies that control the Company will be exempt by law from these limitations. The mandates of members of the Executive Board shall be limited to seven mandates, of which no more than three mandates may be in listed companies.

According to the proposal, mandates held in several companies of the same group will count as one mandate.

4.4 Management contracts

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

5. Compensation

For details regarding the remuneration and shareholdings of the members of the Board of Directors and the Executive Board, please refer to the Compensation Report on page 25 of this Annual Report.

6. Shareholders' participation rights

6.1 Voting right restrictions and representation

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 2014, provided, however, that for the discharge of the members of the Board of Directors and 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. In accordance with article 6 of the Articles of Association, the Board of Directors 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. Nominees may be entered as a shareholder in the share register with voting rights for shares up to a maximum of 3% of the share capital. Shares held by a nominee that exceed such limit may be registered in the share register with voting rights if such nominee discloses to the Company the identity and shareholdings of any person or legal entity for whose account it is holding 0.5% or more of the share capital.

Statutory rules on participating in the General Meeting of shareholders

Each share whose owner, usufructuary or nominee is recorded and registered in the share register of the Company as having voting rights on a specific day (record date) entitles its holder to one vote at the relevant General Meeting. There are no preferential rights for individual shareholders and no voting restrictions.

Any shareholder with voting rights may be represented by their legal guardian the independent proxy, or, if authorized in writing, by a third party who does not have to be a shareholder. In connection with the implementation of the Ordinance, the Board of Directors will propose to amend the Articles of Association at the Annual General Meeting 2015 ensuring the direct election of the independent proxy by the shareholders and determining the main duties and terms of reference of the independent proxy. This will also enable shareholders to grant electronic instructions to the independent proxy. The general instruction to the independent proxy to vote in favor of the proposals of the Board of Directors is permissible.

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, excluding abstentions or blank or invalid ballots.

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 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 employment contract of the President & CEO was extended in June 2012 and has a fixed term until June 2017. Neither does it contain any golden parachute or severance payment provision, nor does it determine a post-contractual non-compete agreement (in consideration of conditional compensation) preventing the President & CEO from making his know-how and expertise available to third parties. In case of an extraordinary termination, the President & CEO is entitled to the fixed salary and annual variable pay, timely pro-rated if applicable, in accordance with the principles as explained in the Compensation Report throughout the remainder of the fixed term. Employment contracts in existence at the date of the entry into force of the Ordinance must be adapted to the Ordinance until December 31, 2015. Thus, the President & CEO's employment contract will be amended to comply with the requirements of the Ordinance until such date.

One member of the Executive Board still has an employment contract with a fixed term, expiring by December 31, 2015. Such employment contract will expire and be replaced with a new one determining an unlimited term subject to a six months' prior written notice period. In case of an ordinary termination, such member of the Executive Board would be entitled to the fixed salary throughout the remainder of the term and may be entitled to the annual variable pay, timely pro-rated if applicable, in accordance with the principles as explained in the Compensation Report.

One other member of the Executive Board used to have an employment contract with a fixed term, expiring by December 31, 2014. Such employment contract was duly replaced. Accordingly, except for the President & CEO and the one member, all other members of the Executive Board have employment contracts with an unlimited term subject to a six months' prior written notice period. 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. 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 2014 was confirmed at the Annual General Meeting in 2014 with the declaration of acceptance dated April 15, 2014. 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 2014 amounted to CHF 2.0 million.

8.3 Additional fees
In addition to the auditing fees mentioned above, the statutory auditors charged an amount of CHF 0.4 million in 2014. This included tax services (CHF 0.2 million) and

Additional Fees EY – 2014	CHF
Tax-related services Additional tax support in Vietnam, Italy, Brunei, China, Philippines, Singapore, Taiwan and on GST implementation project in Malaysia	241,300
Other audit-related services Additional work on statutory audits in Korea, Denmark, Germany, Australia, Singapore, Taiwan and Vietnam	209,900
Total	**451,200**

other audit-related services (CHF 0.2 million) mainly as to the provision of services related to the half-year review and support as to statutory audits in various countries.

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 3.4 (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.

In the reporting year, the auditors attended three 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 or March and the half-year results in July or August.

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: http://www.dksh.com/htm/1492/en/Investors.htm. 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 http://www.dksh.com/htm/1492/en/Investors.htm.

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 http://www.dksh.com/htm/1465/en/Calendar.htm.

Management transactions made in 2014 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 http://www.six-exchange-regulation.com/obligations/management_transactions/notifications_en.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:
DKSH Management Ltd.
Wiesenstrasse 8, 8034 Zurich, Switzerland
+41 44 386 7272
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.

Pursuant to the Swiss ordinance against Excessive Remuneration in Public Corporations (the Ordinance), the Company is issuing its first compensation report separate from the Corporate Governance Report (the Compensation Report), providing all material information as regards compensation. At the same time, the Board of Directors will propose to the Annual General Meeting 2015 amended Articles of Association complying with the Ordinance and the Directive on Information relating to Corporate Governance of the SIX Swiss Exchange. Such amended Articles of Association will contain a number of specific changes to the compensation governance of the Company as summarized in this Compensation Report.

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 remuneration 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

The members of the Board of Directors, including the President & CEO, are entitled to a fixed base fee for their services, paid in cash. Each of the Chairmen of the Audit Committee, Strategy Committee and Nomination and Compensation Committee is entitled to an additional committee fee. While each member of the Audit Committee is entitled to a committee fee linked to membership in the Audit Committee, ordinary members of the Strategy Committee and Nomination and Compensation Committee are not entitled to any committee fee.

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 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 Kamentzky was only elected by the Annual 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).

For the year 2013, 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	-	11	761
Rainer-Marc Frey	Member	150	50	11	211
Dr. Frank Ch. Gulich	Member	150	-	11	161
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		**1,800**	**275**	**63**	**2,138**

[1] In compliance with the Ordinance, mandatory employer social security contributions of CHF 22.9 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 94.4 thousand.
[2] 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; and
(iii) other employee benefits.

As of the financial year 2015, pending approval of the Annual General Meeting 2015, in addition to the above, the members of the Executive Board and certain other key employees will be able to participate in a long-term incentive plan (please refer for further details to the section "Annual variable pay" below).

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, 12 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 at its sole discretion. 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. In the fiscal year 2014, variable pay for individual members of Executive Board ranged from 33.8% to 58.2% of their total compensation (fixed salary and variable pay). On average, variable pay in 2014 for all members of the Executive Board was 48.8% 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.

In connection with the implementation of the Ordinance, the Board of Directors resolved on the occasion of its meeting on December 3, 2013, to terminate the former LTIP (Long-Term Incentive Plan) in place at that time with immediate effect. At the occasion of its meeting on December 9, 2014, the Board of Directors resolved to implement a new LTIP subject to shareholders' approval of the underlying principles at the occasion of the ordinary Annual General Meeting 2015. It is the purpose of the new LTIP 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.

Pending approval of the Articles of Association by the Annual General Meeting 2015 and the approval of the maximum compensation for the Board of Directors and the Executive Board on a yearly basis by the shareholders, 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 pre-determined 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.

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 one member, 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.

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

in CHF thousands	Dr. Joerg Wolle President & CEO[2]	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).

For the year 2013, the members of the Executive Board received the following compensation:

in CHF thousands	Dr. Joerg Wolle President & CEO[2]	Executive Board	Total[3]
Fixed compensation	1,800	2,461	4,261
Variable compensation – cash	3,823	2,621	6,444
Allowances	118	516	634
Pension/Social security contribution [1]	328	558	886
Total	**6,069**	**6,156**	**12,225**

[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 571.0 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).

The IPO execution and retention award

The IPO execution and retention award was an incentive instrument in the context of the IPO (for a performance period of three years) that was granted at the beginning of 2011. Under this plan, the participants, consisting of the members of the Executive Board and certain selected key managers, received performance share units. These performance share units were transferred into shares upon completion of the offering.

The final number of shares was determined by two equally weighted performance metrics, DKSH's EBIT and the share price, thus providing an incentive for the participants to contribute to the long-term development of DKSH's EBIT and share price. The final vesting multiple could range from 0.0x up to a maximum of 2.0x the number of initial performance share units granted. The award was vested in three equal installments: the first vested at the date of the offering; the second one vested one year after the first trading day of the shares; the final portion vested two years after the first trading day of the shares. Vesting of each installment was also subject to continued employment. The number of shares vested at the second installment were based on DKSH's EBIT for the financial year ended December 31, 2012, and the 20-day average closing price at which the shares were traded on the SIX Swiss Exchange prior to the subsequent second installment date. The number of shares vested at the third installment were based, respectively, on DKSH's EBIT for the financial year ending December 31, 2013, and the 20-day average closing price at which the shares were traded on the SIX Swiss Exchange prior to the third installment date, namely March 20, 2014.

Shareholdings by the members of the Board of Directors:

Number of shares held	2014	2013
Adrian T. Keller	54,026	54,026
David Kamenetzky	-	-
Rainer-Marc Frey	2,509,666	2,509,666
Dr. Frank Ch. Gulich	3,066	3,066
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	1,188,888	1,188,888
Total	**3,856,630**	**3,856,630**

Shareholdings by the members of the Executive Board:

Number of shares held	2014	2013
Dr. Joerg Wolle	1,188,888	1,188,888
Bernhard Schmitt	141,596	137,562
Gonpo Tsering	238,307	280,001
Martina Ludescher	126,728	93,628
Marcel W. Schmid	41,680	41,548
Bruno Sidler	6,658	4,000
Total	**1,743,857**	**1,745,627**

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, 2014 and December 31, 2013, respectively (the table is identical to the one appearing on page 102 to 103 of the annual financial statement pursuant to Art. 663b 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 2014 – 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, 2014, 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

For details regarding the compensation governance and in particular the tasks and responsibilities of the Nomination and Compensation Committee, please refer to section 3.5 of the Corporate Governance Report.

The Board of Directors will propose to amend the Company's Articles of Association in accordance with the requirements of the Ordinance to the Annual General Meeting 2015. Such amended Articles of Association will contain a number of specific changes to the compensation governance of the Company that shall be the basis of, and summarized in, this Compensation Report.

Pending approval by the Annual General Meeting 2015, the principles governing the compensation of both the Board of Directors and Executive Board as well as the responsibilities of the Compensation and Nomination Committee will be set out in the Articles of Association. Furthermore, the principles for any performance-related compensation, including long-term incentive plan (the LTIP) provided to members of the Executive Board and other selected senior managers will be laid down in the Articles of Association as well.

As from the Annual General Meeting 2015, the shareholders of the Company are required to approve the compensation of the Board of Directors on an annual basis. According to the proposal of the Board of Directors, the maximum amount of fixed compensation for the Board of Directors shall be approved prospectively for the following term of office of the board members. This ensures that the compensation period and the term of office are aligned. The maximum compensation of the Executive Board shall be approved by the shareholders of the Company prospectively for the following financial year on an annual basis by one vote on all aggregated compensation elements. This provides for appropriate planning certainty of the Company, the members of the Board of Directors and the Executive Board.

In the event the shareholders of the Company do not approve a proposed compensation amount, the Board of Directors shall, taking into account all relevant factors, reconsider its proposal, and submit a new proposal either at the same Annual General Meeting, an Extraordinary General Meeting or the next ordinary Annual General Meeting. Instead of one proposal, the Board of Directors may also submit several proposals relating to different compensation elements. In addition, the Board of Directors may determine compensation on an interim basis, subject to the ratification of such compensation by the shareholders of the Company and is entitled to make payments to the extent such payments are made subject to clawback in case the shareholders of the Company do not ratify the respective compensation payments.

The revised Articles of Association will also determine an additional amount for the compensation for all members of the Executive Board joining the Company or being promoted within the Executive Board, after the Annual General Meeting has already approved the maximum compensation amount for the relevant period. Out of this additional amount, the Company may pay out the compensation of such Executive Board members throughout the compensation periods already approved. The Board of Directors proposes that the additional amount shall be limited to 30% of the aggregate maximum compensation for the Executive Board approved by the previous Annual General Meeting.

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To the General Meeting of
DKSH Holding Ltd., Zurich

Zurich, February 25, 2015

Report of the statutory auditor on the compensation report

We have audited the compensation report (pages 26 to 31) dated February 25, 2015 of DKSH Holding Ltd. for the year ended December 31, 2014.

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 against Excessive Compensation in Stock Exchange Listed Companies (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 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, 2014 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 2014 and provides an outlook into DKSH's further growth.

Summary

Being the leading Market Expansion Services provider with a focus on Asia, DKSH, despite a challenging business environment, continued to grow in 2014 at constant exchange rates. All Business Units contributed to this performance. Net sales grew by 7.1% at constant exchange rates to CHF 10.2 billion. Organic growth was 6.4%, while just 0.7 percentage points of net sales growth resulted from M&A activities. Depreciation of Asian currencies negatively impacted net sales by 4.4%. Reported in Swiss francs, net sales accordingly increased by 2.7% to CHF 9.8 billion. Once again, DKSH was able to successfully extend relationships from country to country and win new clients.

Despite the more challenging than expected market conditions in Thailand, operating profit before interest and taxes (EBIT) increased by 0.7% to CHF 284.1 million at constant exchange rates. Reported in Swiss francs, EBIT amounted to CHF 272.7 million. The economic implications of the challenging political situation in Thailand were more profound and enduring than expected, which led to lower demand for higher-margin luxury and lifestyle products as well as consumer goods, and resulted in reduced industrial investments. The further depreciation of the Japanese yen, the political unrest in Hong Kong and reduced demand for luxury products in China impacted business additionally.

Profit after tax reached CHF 201.3 million at constant exchange rates. Reported in Swiss francs, profit after tax was CHF 195.5 million.

Free Cash Flow in 2014 amounted to CHF 188.4 million, thereby almost reaching last year's figure of CHF 191.8 million. As announced along with the half-year 2014 results and to increase capital market transparency and comparability, the Free Cash Flow definition has been changed.

Return on equity (ROE) reached a solid 13.3% (17.9% in 2013 or 15.7% excluding the income of CHF 27.6 million from the sale of property in Malaysia in 2013) and return on net operating capital (RONOC) achieved 24.2% (28.4% in 2013 or 25.8% excluding the income of CHF 27.6 million from the sale of property in Malaysia in 2013).

In 2014, DKSH continuously invested in the skills and development of its employees. At year-end 2014, DKSH employed 27,550 specialists worldwide, representing an increase of 857 people or 3.2% compared to 2013.

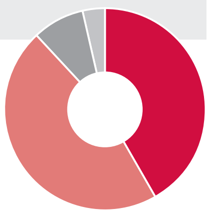
During 2014, DKSH enhanced its infrastructure and capacity to enable further growth. A new distribution center for its Business Unit Healthcare was opened in Shah Alam, Selangor, Malaysia. Strategically located with easy access for fast inbound and outbound transportation, the distribution center serves more than 13,000 healthcare customers, including hospitals, clinics, dental centers, pharmacies and retail outlets throughout Malaysia. In December 2014, DKSH opened a new healthcare distribution center in Yangon, Myanmar, replacing the older facility in the city, which was operating at full capacity. DKSH is using this distribution center as a hub to serve more than 5,000 hospitals, clinics, pharmacies and retail outlets nationwide in Myanmar.

DKSH completed two bolt-on acquisitions in 2014. With the takeover of Glory, an established healthcare distributor in

Net sales by region in %

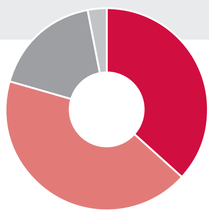
- 34.1 Thailand
- 29.6 Greater China
- 20.5 Malaysia/Singapore
- 12.0 Rest of Asia Pacific
- 3.8 Rest of the world

Net sales by Business Unit in %



- 42.2 Consumer Goods
- 46.2 Healthcare
- 8.0 Performance Materials
- 3.6 Technology

EBIT by Business Unit[1] in %



- 40.5 Consumer Goods
- 39.7 Healthcare
- 16.2 Performance Materials
- 3.6 Technology

[1] EBIT excl. segment "Other"

Macao, DKSH not only added a direct presence in that market for the Business Unit Healthcare, but also reinforced its position as the leading Market Expansion Services provider for pharmaceuticals, consumer health and medical devices companies in the Greater China region. With the acquisition of Zeus Química, a top-ranking specialty chemicals distributor in Spain and Portugal in June, DKSH considerably strengthened its market position in Europe and complemented its market leadership in Asia. With both acquisitions, DKSH confirmed its position as the industry consolidator in the fast-growing, yet still highly fragmented Market Expansion Services industry.

The rise of the middle class in Asia is increasing overall consumption in the ASEAN markets, thereby developing the region into a promising area for expansion. This trend has not gone unnoticed in Japan. The Japanese economy is currently discovering emerging Asia as an attractive sales market and is now systematically exploring growth opportunities beyond its borders. DKSH has a 150-year-long tradition of doing business in and with Japan. Combined with its capillary distribution network and vast experience in working with small and medium-sized enterprises (SMEs) in the ASEAN region, DKSH is ideally positioned to support Japanese companies when expanding into South East Asian markets. Consequently, we have established a specialized team of local, Japanese-speaking experts who are supporting such companies step-by-step in their expansion plans, both in the domestic market of Japan and in South East Asia. As a result, DKSH was able to further strengthen its relationships with several Japanese companies.

Consolidated statement of financial position

Total assets grew by 17.8% to CHF 3,991.1 million in 2014. Cash and cash equivalents increased by 21.3% to CHF 393.6 million, due to sound working capital management. The Group's net cash position grew by CHF 78.1 million to CHF 292.5 million for the same reason.

Thanks to the underlying profit growth, and compared to year-end 2013, total equity increased by 13.3% to CHF 1,489.9 million, translating into an equity ratio of 37.3% (38.8% at year-end 2013).

Return on net operating capital (RONOC) reached 24.2%, calculated as EBIT versus average of net operating capital (28.4% in 2013 or 25.8% excluding the income of CHF 27.6 million from the sale of property in Malaysia in 2013).

Cash Flow

Free Cash Flow was CHF 188.4 million. Net cash from operations reached CHF 226.6 million. The good result was achieved through tight working capital management. For investing activities, the company had a net outflow of CHF 70.6 million, which mainly includes Capex and payments for the acquisitions of Glory and Zeus Química. Cash outflow from financing activities was CHF 99.6 million, including CHF 73.4 million for dividend payments. Cash and cash equivalents at end December 2014 was CHF 393.6 million, an increase of CHF 69.1 million compared to year-end 2013.

Business Units

Consumer Goods

In 2014, net sales increased by 3.7% to CHF 4.3 billion at constant exchange rates (reported in Swiss francs CHF 4.1 billion). EBIT at constant exchange rates decreased by 13.6% to CHF 136.6 million (reported in Swiss francs CHF 130.9 million).

Lower consumer demand in Thailand during 2014 impacted net sales. Supermarkets and shops in central Bangkok generated lower turnovers and the number of tourists declined during that period. The positive development of other major markets partially compensated for this temporary slowdown, resulting in increased net sales for Business Unit Consumer Goods, with constant exchange rates taken into account.

Additionally, the temporary lower demand for premium products, in particular for higher-margin luxury and lifestyle goods in both Thailand and China, and the political unrest in Hong Kong affected Business Unit Consumer Goods' profitability over-proportionally.

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 11.1% at constant exchange rates year-on-year to CHF 4.7 billion, with almost all major countries contributing to this double-digit growth (reported in Swiss francs CHF 4.5 billion). EBIT increased over-proportionally by 23.1% at constant exchange rates to a new high of CHF 131.4 million due to strong organic growth with existing clients, multiplying success stories from country to country and new business development (reported in Swiss francs CHF 128.7 million).

DKSH opened a new state-of-the-art healthcare distribution center in Malaysia, demonstrating its dedication to quality and compliance. Strategically located for fast inbound and outbound transportation with easy access, the distribution center serves more than 13,000 healthcare customers including hospitals, clinics, dental centers, pharmacies and retail outlets throughout Malaysia. The facility complies with Good Distribution and Manufacturing Practices and is adhering to strict ISO standards. The distribution center has established a new quality assurance benchmark in Malaysia by being the first services provider to be awarded the Good Distribution Practice for Medical Devices certification, thus strengthening DKSH Malaysia's capabilities and service offerings along the entire value chain. In addition, the new healthcare distribution center in Yangon, Myanmar, further expands DKSH's leading market position in that country.

With the acquisition of Glory, one of the leading healthcare distributors in Macao, DKSH strengthened its Greater China operations by adding a direct presence in Macao. Glory's integration into the DKSH network in the region was successfully completed during the second half of 2014.

The rising Asian middle class is also a growth driver for Business Unit Healthcare as it creates increased demand for pharmaceuticals, over-the-counter healthcare products and medical devices. Moreover, inner-Asian trade is driving Business Unit Healthcare, as seen by the number of Japanese suppliers with whom DKSH is collaborating to help them access Asian markets outside of Japan. Furthermore, against a backdrop of rigorously focusing on their core competencies, increasing numbers of healthcare companies are relying on specialist services providers to expand into new and existing markets. Demand for such outsourcing services is expected to continue growing in Healthcare.

Group

	At constant exchange rates[1]				
in CHF millions	2014	Change in %	2014	Change in %	2013
Net sales	10,240.7	7.1	9,818.2	2.7	9,559.0
EBIT [2]	284.1	0.7	272.7	(3.4)	282.2
EBIT margin (in %) [2]	2.8		2.8		3.0

Consumer Goods

	At constant exchange rates[1]				
in CHF millions	2014	Change in %	2014	Change in %	2013
Net sales	4,326.8	3.7	4,143.2	(0.7)	4,171.2
EBIT	136.6	(13.6)	130.9	(17.2)	158.1
EBIT margin (in %)	3.2		3.2		3.8

Healthcare

	At constant exchange rates[1]				
in CHF millions	2014	Change in %	2014	Change in %	2013
Net sales	4,728.5	11.1	4,544.0	6.8	4,254.7
EBIT	131.4	23.1	128.7	20.6	106.7
EBIT margin (in %)	2.8		2.8		2.5

Performance Materials

	At constant exchange rates[1]				
in CHF millions	2014	Change in %	2014	Change in %	2013
Net sales	821.3	6.6	781.9	1.5	770.1
EBIT	55.9	2.8	52.5	(3.5)	54.4
EBIT margin (in %)	6.8		6.7		7.1

Technology

	At constant exchange rates[1]				
in CHF millions	2014	Change in %	2014	Change in %	2013
Net sales	364.4	0.1	349.5	(4.0)	363.9
EBIT	11.3	(30.2)	11.5	(29.0)	16.2
EBIT margin (in %)	3.1		3.3		4.5

[1] Constant exchange rates: 2014 figures converted at 2013 exchange rates
[2] Excl. income of CHF 27.6 million from sale of property in Malaysia in 2013

Performance Materials
Net sales grew by 6.6% to CHF 821.3 million (reported in Swiss francs CHF 781.9 million) and EBIT increased by 2.8% at constant exchange rates to CHF 55.9 million (reported in Swiss francs CHF 52.5 million).

Currency-related higher input costs of specialty raw materials sourced in Europe and the USA have impacted margins in Japan. While price adjustments in Japan have been successfully implemented step-by-step, the Japanese yen further deteriorated by the end of 2014. At constant exchange rates and despite these factors, Performance Materials realized an EBIT margin of 6.8%, the highest in the Group.

With the acquisition of Zeus Química, a top-ranking specialty chemicals distributor in Spain and Portugal, DKSH considerably strengthened its market position in Europe in June, and complemented its market leadership in Asia. Through the incorporation of Zeus Química into the DKSH platform, existing partners and clients can now also take advantage of DKSH's services portfolio on the Iberian Peninsula.

Technology
Net sales in Technology increased by 0.1% at constant exchange rates, reaching CHF 364.4 million (reported in Swiss francs CHF 349.5 million). EBIT decreased to CHF 11.3 million at constant exchange rates (reported in Swiss francs CHF 11.5 million).

The Business Unit recorded positive top line development across most major markets such as Japan, Singapore and Taiwan, while the difficult environment for capital investment goods in Thailand impacted business, where both the government and the private sector virtually suspended investment activities. The EBIT decline compared to last year is mainly a result of the postponement of such investment projects in Thailand.

Other (non-Business Unit)
Other expenses, amounting to CHF 50.9 million in 2014, are not allocated to Business Units and primarily include corporate services expenses. The position in 2013 of CHF 25.6 million included the one-time gain on sale of property in Malaysia of CHF 27.6 million. Adjusted for this one-time sale, other expenses in 2013 amounted to CHF 53.2 million, higher than in 2014.

Regional performance
Despite the challenging political situation, DKSH's largest country, Thailand, grew single-digit at constant exchange rates. The Greater China region grew at a double-digit rate, while growth in Malaysia/Singapore was single-digit. DKSH is very well positioned in frontier markets like Myanmar, Cambodia and Laos. These countries are fast-growing and continued strategic investments took place in 2014 to provide additional capacities for offering market entry support to new and existing clients.

Outlook
The growth prospects in DKSH's markets and Business Units remain promising. With its highly diversified and scalable business model, DKSH is ideally positioned to benefit from the growing middle classes, rising inner-Asian trade and increased outsourcing to specialist services providers like DKSH.

In addition, selected strategic bolt-on acquisitions will allow DKSH to quickly gain critical mass or fill gaps in under-represented areas. Through this approach, DKSH is driving forward the ongoing consolidation of the rapidly growing yet still highly fragmented Market Expansion Services industry.

For 2015, DKSH expects a continued dynamic net sales growth and double-digit EBIT growth at constant exchange rates.

Looking into 2016, DKSH continues to project net sales of around CHF 12 billion at constant exchange rates (compound annual growth rate of 8% between 2013 and 2016). For the same period, DKSH anticipates an operating profit (EBIT) of around CHF 380 million at constant exchange rates (compound annual growth rate of 10% between 2013 and 2016) which should translate into profit after tax of some CHF 270 million at constant exchange rates.

Consolidated financial statements DKSH Group

Consolidated income statement

in CHF millions [1]	Notes [2]	2014	2013
Net sales	4	9,818.2	9,559.0
Other income	5	25.4	67.2
Goods and materials purchased and consumables used		(8,438.3)	(8,166.9)
Employee benefit expenses	6	(527.4)	(532.2)
Depreciation, amortization and impairments	14/16	(42.3)	(43.4)
Other operating expenses	7	(569.7)	(579.8)
Share of profit of associates and joint ventures	17/18	6.8	5.9
Operating profit (EBIT)		**272.7**	**309.8**
Net finance costs	8	(6.2)	(1.7)
Gain/(loss) on sale of shareholding	28	-	2.4
Profit before tax		**266.5**	**310.5**
Income tax expenses	9	(71.0)	(68.8)
Profit after tax		**195.5**	**241.7**
Attributable to:			
Shareholders of the Group		192.2	228.7
Non-controlling interest		3.3	13.0
Earnings per share for profit attributable to the shareholders of the Group			
Basic earnings per share	26	2.96	3.57
Diluted earnings per share	26	2.96	3.53

1 Except for earnings per share (in CHF)
2 The accompanying notes on pages 45 to 93 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

in CHF millions	2014	2013
Profit after tax	**195.5**	**241.7**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Net gain on available-for-sale financial assets, net of tax of CHF 0.0 million in current and prior period	0.3	0.2
Net investment hedges, net of tax of CHF 0.0 million in current and prior period	(3.6)	4.5
Currency translation differences	58.3	(67.3)
Items that will not be reclassified to profit or loss		
Remeasurement gains/(losses) on defined benefit plans, net of tax of CHF 1.0 million in current and CHF (2.3) million in prior period	(4.3)	9.5
Total comprehensive income	**246.2**	**188.6**
Attributable to:		
Shareholders of the Group	241.4	178.3
Non-controlling interest	4.8	10.3

The accompanying notes on pages 45 to 93 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

in CHF millions	Notes[1]	2014	2013
Cash and cash equivalents	10	393.6	324.5
Trade receivables	11	1,869.8	1,606.5
Inventories	13	974.0	818.5
Prepaid expenses		35.1	28.3
Other receivables	15	295.0	232.3
Current income tax receivable		12.2	6.7
Current assets		**3,579.7**	**3,016.8**
Intangible assets	14	158.7	139.3
Other receivables	15	2.6	2.7
Property, plant and equipment	16	133.2	127.6
Financial assets	12	23.1	22.1
Investments in associates and joint ventures	17/18	39.7	36.7
Retirement benefit assets	24	9.3	13.8
Deferred tax assets	19	44.8	27.6
Non-current assets		**411.4**	**369.8**
Total assets		**3,991.1**	**3,386.6**
Borrowings	20	72.2	59.9
Trade payables		1,887.5	1,563.9
Current income tax liabilities		29.7	23.7
Other payables and accrued expenses	21	407.7	304.4
Current provisions	22	5.8	2.3
Current liabilities		**2,402.9**	**1,954.2**
Borrowings	20	28.9	50.2
Other non-current liabilities	23	23.0	22.9
Deferred tax liabilities	19	16.0	18.9
Non-current provisions	22	3.1	2.9
Retirement benefit obligations	24	27.3	22.4
Non-current liabilities		**98.3**	**117.3**
Total liabilities		**2,501.2**	**2,071.5**
Share capital		6.5	6.4
Reserves and retained earnings		1,442.5	1,270.8
Equity attributable to the shareholders of the Group		**1,449.0**	**1,277.2**
Non-controlling interest		**40.9**	**37.9**
Total equity		**1,489.9**	**1,315.1**
Total equity and liabilities		**3,991.1**	**3,386.6**

[1] The accompanying notes on pages 45 to 93 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, 2013	**6.4**	**(118.0)**	**234.2**	**1,031.1**	**1,153.7**	**33.4**	**1,187.1**
Profit after tax	-	-	-	228.7	228.7	13.0	241.7
Other comprehensive income	-	(60.1)	-	9.7	(50.4)	(2.7)	(53.1)
Total comprehensive income	**-**	**(60.1)**	**-**	**238.4**	**178.3**	**10.3**	**188.6**
Share-based payment transactions	-	-	-	5.5	5.5	-	5.5
Dividend	-	-	-	(60.3)	(60.3)	(2.5)	(62.8)
Acquisition of a subsidiary	-	-	-	-	-	0.7	0.7
Disposal of subsidiary	-	-	-	-	-	(4.0)	(4.0)
As of December 31, 2013	**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**

The accompanying notes on pages 45 to 93 form an integral part of these consolidated financial statements.

Consolidated cash flow statement

in CHF millions	Notes[1]	2014	2013
Profit before tax		**266.5**	**310.5**
Non-cash adjustments			
Depreciation, amortization and impairments on			
Property, plant and equipment	16	31.8	32.1
Intangible assets	14	10.5	11.3
Share-based payment transaction expense	27	2.0	5.5
Gain on sale of tangible and intangible assets	5/7	(0.3)	(27.2)
Net finance costs	8	6.2	1.7
Share of profit of associates and joint ventures	17/18	(6.8)	(5.9)
Dividend received from associates and joint ventures		3.9	2.6
Gain on bargain purchase	28	-	(8.7)
Gain on sale of shareholding	28	-	(2.4)
Loss on remeasuring the previous interest to fair value	28	-	0.3
Change in provisions and other non-current liabilities		6.8	(2.1)
Change in other non-current assets		(0.4)	4.5
Working capital adjustments			
Increase in trade and other receivables and prepayments		(178.9)	(134.5)
Increase in inventories		(83.3)	(35.3)
Increase in trade and other payables		254.5	164.7
Interest received		1.3	1.0
Interest paid		(5.3)	(6.6)
Taxes paid		(81.9)	(81.7)
Net cash flows from operations		**226.6**	**229.8**
Proceeds from sale of property, plant and equipment		3.7	37.6
Purchase of property, plant and equipment		(31.4)	(35.2)
Proceeds from sale of intangible assets		0.1	-
Purchase of intangible assets		(6.8)	(2.8)
Proceeds from sale and repayment of financial assets		1.5	1.2
Purchase of financial assets and investments in associates and joint ventures		(0.3)	(5.2)
Acquisition of subsidiary net of cash	28	(37.4)	(4.4)
Disposal of subsidiary net of cash	28	-	3.0
Net cash flows used in investing activities		**(70.6)**	**(5.8)**

in CHF millions	Notes[1]	2014	2013
Proceeds from current and non-current borrowings		70.9	108.4
Repayment of current and non-current borrowings		(95.7)	(191.0)
Dividend paid	25	(70.8)	(60.3)
Net proceeds from net investment hedges		(1.4)	4.1
Dividend paid to non-controlling interest		(2.6)	(2.5)
Net cash flows from financing activities		**(99.6)**	**(141.3)**
Cash and cash equivalents, as of January 1		**324.5**	**251.4**
Effect of exchange rate changes		12.7	(9.6)
Net increase in cash and cash equivalents		56.4	82.7
Cash and cash equivalents, as of December 31		**393.6**	**324.5**

[1] The accompanying notes on pages 45 to 93 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 27,550 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, 2014. They were approved by the Board of Directors on February 25, 2015.

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 (country specific: between three to nine months overdue) 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. The free cash flows correspond to estimates made by the Executive Board in financial plans and business strategies covering a period of five years. 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

The Group has adopted the following new and amended IFRS as of January 1, 2014
The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations that need to be applied for annual periods beginning January 1, 2014:

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities: These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, because none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets": The amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period. The amendments affect disclosure only and have no impact on the financial position or performance of 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, 2015, 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.

Annual improvements 2011-2013 Cycle: These improvements are effective from July 1, 2014 and are not expected to have a material impact on the Group. They include:

IFRS 15 "Revenue from Contracts with Customers": IFRS 15 was issued in May 2014 and establishes a new 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, 2017 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.

(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	**2014**	**2013**	**2014**	**2013**
1 AUD	0.811	0.794	0.825	0.895
1 CNY	0.159	0.147	0.149	0.151
1 EUR	1.203	1.226	1.214	1.231
1 GBP	1.541	1.471	1.507	1.450
1 HKD	0.128	0.115	0.118	0.120
100 JPY	0.828	0.847	0.864	0.950
100 KRW	0.091	0.085	0.087	0.085
100 MMK	0.096	0.090	0.093	0.091
1 MYR	0.283	0.272	0.280	0.294
1 PHP	0.022	0.020	0.021	0.022
1 SGD	0.749	0.704	0.722	0.741
1 THB	0.030	0.027	0.028	0.030
1 TWD	0.031	0.030	0.030	0.031
1 USD	0.990	0.890	0.915	0.927
1000 VND	0.046	0.042	0.043	0.044

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, JPY and CNY. The Group has hedged, selectively, its net investment in some or all of these currencies through derivative financial instruments in 2013 and 2014. 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, JPY and CNY exchange rates:
As of December 31, 2014 (2013), a strengthening or weakening of the THB by 10% against the CHF would have a translation impact ceteris paribus of –/+ CHF 4.8 million (CHF 6.3 million) on equity.

As of December 31, 2014 (2013), a strengthening or weakening of the MYR by 10% against the CHF would have a translation impact ceteris paribus of –/+ CHF 0.8 million (CHF 0.1 million) on equity.

As of December 31, 2014 (2013), a strengthening or weakening of the JPY by 10% against the CHF would have a translation impact ceteris paribus of –/+ CHF 0.7 million (CHF 0.4 million) on equity.

As of December 31, 2014 (2013), a strengthening or weakening of the CNY by 10% against the CHF would have a translation impact ceteris paribus of –/+ CHF 0.1 million (CHF 3.4 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, 2014, 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 (2013: 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 1.4 million (2013: CHF 1.2 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, 2014, total cash and cash equivalents was CHF 393.6 million (2013: CHF 324.5 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 %	2014	2013
AA- or higher	93.8	65.0
A+, A or A-	247.6	200.8
BBB+, BBB or BBB-	29.8	51.4
Non-investment grade/unrated	22.4	7.3

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
	2014	**2013**	**2014**	**2013**
AA- or higher	50.5	66.4	0.6	1.6
A+, A or A-	672.1	526.8	8.7	16.9
BBB+, BBB or BBB-	20.7	27.6	0.1	0.8

c) Committed borrowings

On November 21, 2011, the Group entered into a CHF 200 million five-year committed credit facility with Deutsche Bank AG, UBS AG, Zürcher Kantonalbank, The Hongkong and Shanghai Banking Corporation Limited, Sumitomo Mitsui Banking Corporation and Raiffeisen Schweiz Genossenschaft. The facility is undrawn as of December 31, 2014 and December 31, 2013. The facility reflects a liquidity back-up for the Group.

The ratings of the banks as of December 31, 2014, are:

Deutsche Bank AG	A
The Hongkong and Shanghai Banking Corporation Limited	A+
Raiffeisen Schweiz Genossenschaft	Aa3
Sumitomo Mitsui Banking Corporation	A
UBS AG	A
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, 2014, 9 (2013: 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, 58% (2013: 59%) 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 policy that Corporate Center holds a strategic liquidity reserve consisting of either cash and/or undrawn committed credit facilities. As of December 31, 2014, this strategic reserve amounted to CHF 423.2 million (2013: CHF 343.9 million) consisting of cash held at Corporate Center and the undrawn portion of the CHF 200 million five-year committed credit facility closed on November 21, 2011.

in CHF millions	**2014**	**2013**
Centrally held cash and cash equivalents	223.2	143.9
Committed credit facility	200.0	200.0
Total	**423.2**	**343.9**

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, 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
As of December 31, 2013						
Borrowings	35.1	17.2	7.5	50.2	-	110.0
Other non-current liabilities	-	-	-	21.7	-	21.7
Financial guarantees	13.5	-	-	-	-	13.5
Trade and other payables	1,097.2	512.3	103.1	0.9	0.1	1,713.6
Lease obligation	-	-	0.1	-	-	0.1

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, 2014						
Forward FX contracts						
Outflow	(317.4)	(194.1)	(230.7)	-	-	(742.2)
Inflow	319.9	194.2	229.3	-	-	743.4
As of December 31, 2013						
Forward FX contracts						
Outflow	(277.9)	(191.1)	(135.3)	-	-	(604.3)
Inflow	284.0	199.4	137.4	-	-	620.8

(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, 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**

In 2014 and 2013, 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, 2013, are as follows:

in CHF millions	Level 1	Level 2	Level 3	Total
Derivatives	-	19.2	-	19.2
Available-for-sale financial assets	1.8	-	-	1.8
Total assets	**1.8**	**19.2**	**-**	**21.0**
Derivatives	-	1.8	-	1.8
Total liabilities	**-**	**1.8**	**-**	**1.8**

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, 2014, is CHF 1,550.1 million (2013: CHF 1,387.3 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, 2014 and 2013, were as follows:

	2014	2013
Leverage ratio	2.8	2.6
Debt to total capitalization	6.5%	7.7%

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, 2014, and for the entire financial year 2014, the Group did not have any breaches of such loan agreements.

3. Segment information

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.

2013 by Business Unit

in CHF millions	Consumer Goods	Healthcare	Performance Materials	Technology	Other	Eliminations	Group Total
Net sales third parties	4,171.1	4,254.1	770.1	363.6	0.1	-	9,559.0
Net sales intersegment	0.1	0.6	-	0.3	0.1	(1.1)	-
Net sales	**4,171.2**	**4,254.7**	**770.1**	**363.9**	**0.2**	**(1.1)**	**9,559.0**
EBIT	158.1	106.7	54.4	16.2	(25.6)	-	309.8
Additions of property, plant and equipment	16.0	11.9	1.5	2.6	3.2	-	35.2
Additions of intangible assets	1.4	0.5	0.1	-	0.8	-	2.8
Depreciation and amortization	17.3	12.5	2.0	3.3	8.3	-	43.4
Investments in associates and joint ventures	27.3	-	0.2	9.2	-	-	36.7
Share of profit of associates and joint ventures	2.2	-	0.2	3.5	-	-	5.9
Total employees	13,770	9,054	1,151	1,187	1,531	-	26,693

2013 by region

in CHF millions	Thailand	Greater China	Malaysia/ Singapore	Other	Group Total
Net sales third parties[1]	3,489.1	2,622.5	1,980.8	1,466.6	9,559.0
Non-current assets[2]	38.8	27.9	18.4	221.2	306.3

2013 country information

in CHF millions	Net sales third parties[1]	Non-current assets[2]
Switzerland (domicile)	144.2	138.6
Malaysia	1,512.7	15.6
Hong Kong	1,170.8	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, 2014, 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	2014	2013
Gross sales	10,917.9	10,606.2
Sales deductions	(1,099.7)	(1,047.2)
Net sales	**9,818.2**	**9,559.0**

Net sales by category:

in CHF millions	2014	2013
Sale of goods	9,508.0	9,267.7
Other services	310.2	291.3
Net sales	**9,818.2**	**9,559.0**

5. Other income

in CHF millions	2014	2013
Supplier compensation	8.1	7.3
Rental income	1.6	1.7
Insurance claims	1.1	1.5
Gain on sale of tangible and intangible assets	0.8	28.9
Commission income	0.3	0.5
Hire purchase interest	0.2	0.3
Gain of bargain purchase (see Note 28)	-	8.7
Other	13.3	18.3
Total other income	**25.4**	**67.2**

The gain on sale of tangible and intangible assets in 2013 relates principally to a sale of land and property in Malaysia.

6. Employee benefit expenses

in CHF millions	2014	2013
Salaries and bonuses	385.2	398.9
Sales and other commissions	42.7	45.3
Social security costs	29.0	27.1
Temporary staff	18.0	16.9
Expenses for defined contribution pension plans	11.0	12.1
Expenses for defined benefit pension plans (see Note 24)	8.5	7.1
Staff training costs	1.9	2.6
Other personnel expenses	31.1	22.2
Total employee benefit expenses	**527.4**	**532.2**
Total employees	**27,550**	**26,693**

7. Other operating expenses

in CHF millions	2014	2013
Selling costs	144.8	151.2
Logistics and distribution costs	179.9	178.1
Rent	87.9	81.7
Travel and entertainment	46.5	50.2
Information technology	16.0	15.7
Utilities	14.5	14.1
Communication	11.0	11.1
Stationery and office supplies	10.8	10.0
Maintenance and repairs	9.9	10.2
Fees and royalties	8.5	9.1
Consulting services	8.1	8.9
Insurance	8.0	9.9
Bank charges	3.9	4.0
Legal services	3.5	5.3
Research and development	2.9	2.5
Professional fees	2.7	2.6
Loss on sale of tangible and intangible assets	0.5	1.7
Other	10.3	13.5
Total other operating expenses	**569.7**	**579.8**

8. Net finance costs

in CHF millions	2014	2013
Interest income		
Interest income on bank deposits	1.3	1.0
Income from financial assets	-	0.3
Financial income	**1.3**	**1.3**
Net foreign exchange transaction (losses)/gains	(1.9)	4.0
Interest expenses		
Interest expenses on bank borrowings	(5.6)	(7.0)
Financial expenses	**(7.5)**	**(3.0)**
Net finance costs	**(6.2)**	**(1.7)**

9. Income tax expenses

in CHF millions	2014	2013
Current income tax	84.5	68.8
Adjustments in respect of current income tax of previous years	(1.7)	(0.2)
Deferred tax	(11.8)	0.2
Total income tax expenses	**71.0**	**68.8**

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	2014	2013
Profit before tax	266.5	310.5
Applicable income tax based on 23.5% (23.6% in 2013)	62.6	73.3
Different tax rate impact on income tax	(1.0)	(0.6)
Tax releases relating to prior years	(0.6)	(9.8)
Impact of tax rate changes	0.8	0.1
Tax effects of WHT/foreign tax not recoverable	11.0	11.4
Tax effect on non-deductible expenses	2.9	3.8
Tax effect of income that is not taxable	(5.1)	(9.2)
Tax effects related to tax losses and tax credits	0.3	0.1
Others	0.1	(0.3)
Total income tax expenses	**71.0**	**68.8**

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	2014	2013
Cash at bank and on hand	314.8	244.8
Marketable securities	0.2	0.3
Short-term deposits	78.6	79.4
Total cash and cash equivalents	**393.6**	**324.5**

The average effective interest rate on short-term bank deposits was 1.99% (2013: 2.16%).

11. Trade receivables

in CHF millions	2014	2013
Trade receivables – gross	1,887.4	1,620.9
Provision for doubtful debts	(17.6)	(14.4)
Total trade receivables	**1,869.8**	**1,606.5**

The aging of trade receivables gross is as follows:

in CHF millions	2014	2013
Not overdue	1,652.7	1,417.0
Up to 3 months overdue	198.4	180.2
Between 3 and 6 months overdue	16.6	9.9
Between 6 and 9 months overdue	5.1	2.8
Between 9 and 12 months overdue	5.3	3.5
More than 12 months overdue	9.3	7.5
Total trade receivables – gross	**1,887.4**	**1,620.9**

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	2014	2013
As of January 1	**14.4**	**17.1**
Impairment of accounts receivable	6.9	5.3
Receivables written off	(2.4)	(2.4)
Unused amount reversed	(3.3)	(4.7)
Acquisitions/divestments	0.8	-
Exchange differences	1.2	(0.9)
As of December 31	**17.6**	**14.4**

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 2014 and 2013.

12. Financial assets

in CHF millions	2014	2013
Financial assets available-for-sale at fair value	2.6	1.8
Financial assets available-for-sale at cost	1.3	1.1
Deposits to third parties	15.9	14.6
Loans to third parties	3.3	4.6
Total financial assets	**23.1**	**22.1**

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, 2013	**2.1**	**0.9**	**3.0**
Additions	0.1	0.2	0.3
Disposals	(0.1)	-	(0.1)
Revaluation	0.2	-	0.2
Acquisitions/divestments	0.2	-	0.2
Reclassification	(0.2)	-	(0.2)
Exchange differences	(0.5)	-	(0.5)
As of December 31, 2013	**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**

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 2014 and 2013.

13. Inventories

in CHF millions	2014	2013
Raw materials	37.3	40.5
Work in progress	5.0	4.3
Finished goods	974.9	809.5
Total inventories – gross	**1,017.2**	**854.3**
Provision for obsolete and slow moving stock	(43.2)	(35.8)
Total inventories	**974.0**	**818.5**

Details of change in impairment for inventories:

in CHF millions	2014	2013
As of January 1	**35.8**	**33.6**
Acquisitions and disposals	2.3	2.8
Increase in provision for inventories	9.9	8.7
Unused amount reversed	(5.5)	(6.1)
Utilized during the year	(0.9)	(1.2)
Exchange differences	1.6	(2.0)
As of December 31	**43.2**	**35.8**

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	2014	2013
Inventories carried at cost	775.8	624.8
Inventories carried at fair value less cost to sell	198.2	193.7
Total inventories	**974.0**	**818.5**

As of December 31, 2014 and 2013, 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, 2013	**55.7**	**67.2**	**75.6**	**198.5**
Additions	-	2.8	-	2.8
Acquisitions/divestments	-	14.3	7.4	21.7
Disposals	-	(3.7)	-	(3.7)
Exchange differences	(0.8)	(4.6)	(3.2)	(8.6)
As of December 31, 2013	**54.9**	**76.0**	**79.8**	**210.7**
Accumulated amortization and impairments				
As of January 1, 2013	**(16.4)**	**(51.4)**	**(0.7)**	**(68.5)**
Amortization	(2.9)	(8.4)	-	(11.3)
Disposals	-	3.7	-	3.7
Exchange differences	0.5	3.9	0.3	4.7
As of December 31, 2013	**(18.8)**	**(52.2)**	**(0.4)**	**(71.4)**
Net book value				
As of January 1, 2013	**39.3**	**15.8**	**74.9**	**130.0**
As of December 31, 2013	**36.1**	**23.8**	**79.4**	**139.3**
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**

[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.

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 67.7 million in 2014 (2013: CHF 45.8 million). An amount of CHF 6.4 million (2013: CHF 6.1 million) relates to Malaysia, CHF 6.9 million (2013: CHF 6.6 million) to New Zealand, CHF 10.0 million (2013: CHF 9.8 million) to Australia, CHF 2.3 million (2013: CHF 2.3 million) to Denmark, CHF 1.4 million (2013: CHF 1.3 million) to India, CHF 9.4 million (2013: CHF 9.4 million) to Switzerland, CHF 1.7 million (2013: CHF 1.6 million) to Taiwan, CHF 6.6 million (2013: CHF 5.9 million) to Indonesia, CHF 2.7 million (2013: CHF 2.5 million) to Korea, CHF 14.3 million (2013: nil) to Spain, CHF 3.2 million (2013: nil) to Portugal and CHF 2.3 million (2013: nil) to Macao. Goodwill in other countries amounts to CHF 0.5 million in 2014 (2013: CHF 0.3 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 or mid-range plans approved by the Executive Board.

Key assumptions used for value-in-use calculations by regions (grouped as in the segment information note):

in %	Greater China	Malaysia/Singapore	Others
Net sales growth rate CAGR (2015–2019)	7–8	8–27	0–15
Country specific WACC (pre tax)	10	13–14	9–19
Country specific growth rate terminal value	2–4	2	1–7

Based on the annual goodwill impairment review reflecting the above assumptions, no impairment on goodwill was recognized in 2014. Reasonable possible changes to the key assumptions would not result in an impairment.

Regarding items included in other intangible assets, no impairments indicators have been identified.

The Group has no intangible assets with indefinite useful lives as of December 31, 2014, and December 31, 2013, other than goodwill.

15. Other receivables

in CHF millions	2014	2013
Current		
Supplier accounts	153.4	123.0
Advances and deposits	51.9	33.6
VAT and other taxes receivable	34.8	19.7
Derivative financial instruments	9.3	19.2
Other current receivables	45.6	36.8
Total other receivables current	**295.0**	**232.3**
Non-current		
Other non-current receivables	2.6	2.7
Total other receivables non-current	**2.6**	**2.7**

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, 2013	**99.3**	**48.9**	**82.5**	**51.9**	**14.0**	**5.1**	**301.7**
Additions	3.6	7.4	15.8	6.1	1.3	1.0	35.2
Reclassifications	3.3	0.3	0.9	0.9	-	(5.4)	-
Acquisitions/divestments	0.4	-	0.8	(0.1)	0.3	-	1.4
Disposals	(12.9)	(2.9)	(11.2)	(8.7)	(1.8)	-	(37.5)
Exchange differences	(17.0)	(5.5)	(6.8)	(3.8)	(1.0)	(0.1)	(34.2)
As of December 31, 2013	**76.7**	**48.2**	**82.0**	**46.3**	**12.8**	**0.6**	**266.6**
Accumulated depreciation and impairments							
As of January 1, 2013	**(25.8)**	**(27.9)**	**(52.8)**	**(40.4)**	**(11.1)**	**-**	**(158.0)**
Depreciation	(5.5)	(6.8)	(11.7)	(7.0)	(1.1)	-	(32.1)
Reclassification	0.2	-	(0.2)	-	-	-	-
Acquisitions/divestments	0.1	-	(0.4)	0.1	(0.2)	-	(0.4)
Disposals	5.6	2.4	9.3	8.5	1.4	-	27.2
Exchange differences	11.1	4.0	5.1	3.2	0.9	-	24.3
As of December 31, 2013	**(14.3)**	**(28.3)**	**(50.7)**	**(35.6)**	**(10.1)**	**-**	**(139.0)**
Net book value							
As of January 1, 2013	**73.5**	**21.0**	**29.7**	**11.5**	**2.9**	**5.1**	**143.7**
As of December 31, 2013	**62.4**	**19.9**	**31.3**	**10.7**	**2.7**	**0.6**	**127.6**
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**

No bank borrowings are secured with assets of property, plant and equipment as of December 31, 2014 and 2013.

During 2014 and 2013, 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, 2013		
Cost	0.7	0.7
Accumulated depreciation	(0.6)	(0.6)
Net book value	**0.1**	**0.1**
As of December 31, 2014		
Cost	0.2	0.2
Accumulated depreciation	-	-
Net book value	**0.2**	**0.2**

17. Investments in associates

The investments in associates are as follows:

Company in %	**Country of incorporation**	**2014**	**2013**
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

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. The result the company received until June 27, 2013, from ZD Luxury Watches and Accessories Ltd. was limited to the activities in Asia.

in CHF millions	2014	2013
Assets	67.9	75.2
Liabilities	(20.2)	(38.6)
Equity	47.7	36.6
Net sales	73.5	123.1
Profit	8.9	15.6
Group's share of profit for the year	**4.3**	**4.5**

18. Interest in joint ventures

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

Company in %	Country of incorporation	2014	2013
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
Swisstec Sourcing Ltd., Hong Kong	Hong Kong	-	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	2014	2013
Current assets	40.1	37.6
Non-current assets	1.3	1.8
	41.4	**39.4**
Current liabilities	(27.5)	(25.6)
Non-current liabilities	(0.3)	(0.2)
	(27.8)	**(25.8)**
Net asset	**13.6**	**13.6**
Proportion of the Group's ownership	50.0%	50.0%
Group's share of net asset	**6.8**	**6.8**
Net sales	58.0	62.4
Expenses	(53.1)	(59.7)
Profit after tax	4.9	2.7
Group's share of profit for the year	**2.5**	**1.4**

19. Deferred income tax

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

in CHF millions	2014	2013
Deferred tax assets (net)	44.8	27.6
Deferred tax liabilities (net)	(16.0)	(18.9)
Net deferred tax assets	**28.8**	**8.7**

Deferred tax assets (gross):

in CHF millions	2014	2013
As of January 1	**44.5**	**46.8**
Credited /(charged) to the income statement	7.4	0.5
Credited /(charged) to equity (IAS 19 revised)	0.4	(0.2)
Acquisitions/divestments	6.2	-
Exchange difference	0.7	(2.6)
As of December 31	**59.2**	**44.5**

Deferred tax assets (gross) relating to:

in CHF millions	2014	2013
Trade receivables	18.9	16.9
Inventories	9.2	7.4
Property, plant and equipment	2.0	1.0
Intangible assets	5.8	0.4
Other assets	0.7	0.5
Employee benefits	3.0	2.6
Provisions and other liabilites	9.6	7.6
Tax loss carryforwards	10.0	8.1
Total deferred tax assets	**59.2**	**44.5**

Deferred tax liabilities (gross):

in CHF millions	2014	2013
As of January 1	**35.8**	**32.0**
Charged/(credited) to the income statement	(4.4)	0.7
Charged/(credited) to equity (IAS 19 revised)	(0.6)	2.1
Acquisitions/divestments	0.3	2.6
Exchange difference	(0.7)	(1.6)
As of December 31	**30.4**	**35.8**

Deferred tax liabilities (gross) relating to:

in CHF millions	2014	2013
Inventories	8.9	9.6
Property, plant and equipment	2.6	3.0
Intangible assets	3.0	7.1
Employee benefits	2.0	2.4
Other assets	2.5	0.4
Provisions, other liabilies and undistributed profits	11.4	13.3
Total deferred tax liabilities	**30.4**	**35.8**

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 82.2 million (2013: CHF 91.6 million) that can be carried forward against future taxable income. These tax losses will expire as follows:

in CHF millions	2014	2013
Expiring next year	1.8	5.5
Expiring in 2 years	3.8	6.3
Expiring in 3 years	12.4	27.5
Expiring in 4 years	9.4	7.2
Expiring in 5 years	1.4	5.6
Expiring later than 5 years	53.4	39.5
Total unrecognized tax losses	**82.2**	**91.6**

20. Borrowings

in CHF millions	2014	2013
Current		
Bank overdraft	7.5	1.2
Bank borrowings	61.3	57.0
Bankers acceptance and promissory notes	3.3	1.6
Lease liabilities	0.1	0.1
Total borrowings current	**72.2**	**59.9**
Non-current		
Bank loans	28.8	50.2
Lease liabilities	0.1	-
Total borrowings non-current	**28.9**	**50.2**
Weighted average effective interest rates on borrowings	5.2%	4.6%
Non-current borrowings per maturity		
Between 1 and 5 years	28.9	50.2
Total borrowings non-current	**28.9**	**50.2**

As of December 31, 2014, the Group has undrawn committed and uncommitted bank borrowings and guarantee facilities amounting to CHF 901.3 million (2013: CHF 797.9 million).

Bank loans and borrowings are entered into locally by subsidiaries. As of December 31, 2014 and 2013, 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	2014	2013
Accrued expenses third parties	147.1	111.7
Accrued expenses and payables employees	64.5	55.8
VAT and other tax payable	63.1	38.2
Prepayments and deposits received	37.7	25.8
Payables distribution and logistics suppliers	28.9	19.2
Accrued expenses and payables advertising and promotion suppliers	26.8	18.7
Payables for rent, repair and maintenance and tangible assets	10.5	7.0
Derivative liability	6.8	1.8
Prepaid income	2.7	1.5
Deferred purchase consideration	-	1.8
Other non-trade payables	19.6	22.9
Total other payables and accrued expenses	**407.7**	**304.4**

22. Provisions

in CHF millions	Product warranty	Employee entitlements	Others	Total
Current				
As of January 1, 2013	**2.2**	**0.1**	**1.4**	**3.7**
Additions	4.2	0.1	0.4	4.7
Unused amount reversed	(4.6)	-	(0.1)	(4.7)
Utilized in current year	(0.4)	-	(0.9)	(1.3)
Exchange differences	(0.1)	-	-	(0.1)
As of December 31, 2013	**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**

in CHF millions	Employee entitlements	Others	Total
Non-current			
As of January 1, 2013	**1.7**	**2.4**	**4.1**
Additions	0.2	0.2	0.4
Utilized in current year	(0.9)	(1.0)	(1.9)
Acquisitions/divestments	0.6	-	0.6
Exchange differences	(0.2)	(0.1)	(0.3)
As of December 31, 2013	**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**

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 4.9 million (2013: CHF 1.3 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	2014	2013
Deferred purchase consideration	21.0	21.7
Other non-current liabilities	2.0	1.2
Total other non-current liabilities	**23.0**	**22.9**

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

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 106.7% as of December 31, 2014 (2013: 106.6%), 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 141.4% as of December 31, 2014 (2013: 131.7%), 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 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, 2014 and 2013, 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	**2014**	**2013**
Current service costs	8.4	8.4
Past service costs	(0.2)	0.3
Net interest cost	0.3	0.6
(Gain)/loss on settlements	-	(2.2)
Expense for defined benefit pension plans	**8.5**	**7.1**

The funded and unfunded defined benefit obligation is as follows:

in CHF millions	2014	2013
Defined benefit obligation	(201.9)	(179.9)
thereof unfunded	(12.3)	(10.4)
Fair value of plan assets	184.0	171.4
Funded status	**(17.9)**	**(8.5)**
Impact of minimum funding requirement/asset ceiling	(0.1)	(0.1)
Net retirement benefit liability recognized in the statement of financial position	**(18.0)**	**(8.6)**
Retirement benefit assets recognized in the statement of financial position	9.3	13.8
Retirement benefit obligations recognized in the statement of financial position	27.3	22.4

As of December 31, 2014, 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	2014	2013
Switzerland		
Defined benefit obligation	(173.1)	(153.2)
Fair value of plan assets	172.2	160.3
Funded status	**(0.9)**	**7.1**
Other countries		
Defined benefit obligation	(16.5)	(26.7)
thereof unfunded	(12.3)	(10.4)
Fair value of plan assets	11.8	11.1
Funded status	**(4.7)**	**(15.6)**

The movement in the defined benefit obligation is as follows:

in CHF millions	2014	2013
At the beginning of the year	**179.8**	**190.9**
Current service cost	8.4	8.4
Past service cost	(0.2)	0.3
Interest cost	3.9	3.9
Remeasurements included in other comprehensive income		
Actuarial gain from the effect of changes in demographic assumptions	(0.2)	(0.8)
Actuarial (gain)/loss from the effect of changes in financial assumptions	19.3	(3.8)
Actuarial gain from the effect of experience adjustments	(2.1)	(2.6)
Employee contributions	2.9	3.1
Benefits paid	(12.3)	(8.7)
Settlement payments	-	(5.6)
Gain on settlements	-	(2.2)
Acquisitions/divestments	0.2	0.7
Insurance premiums for risk benefits	(0.3)	(0.3)
Exchange differences	2.5	(3.5)
At the end of the year	**201.9**	**179.8**

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

in CHF millions	2014	2013
At the beginning of the year	**171.4**	**169.5**
Interest income	3.6	3.3
Remeasurements included in other comprehensive income		
Return on plan assets (excluding interest income)	11.7	4.6
Employee contributions	2.9	3.1
Employer contributions	5.5	6.2
Benefits paid	(11.5)	(8.1)
Settlement payments	-	(5.6)
Acquisitions/divestments	-	0.5
Insurance premiums for risk benefits	(0.3)	(0.3)
Exchange differences	0.7	(1.8)
At the end of the year	**184.0**	**171.4**

The Group expects to contribute CHF 5.4 million to its defined benefit pension plans in 2015 (2014: CHF 5.6 million).

Plan assets are composed as follows:

in CHF millions	2014	2013
Cash	8.9	15.4
Investments quoted in active markets		
Equity funds	54.9	45.5
Fixed-income funds	74.9	74.1
Real Estate funds	31.4	15.2
Corporate bonds	3.1	1.7
Unquoted investments	-	
Debt investments	1.5	1.2
Real estate	2.1	1.9
Assets held by insurance companies	7.2	16.4
Total	**184.0**	**171.4**

Pension plan assets do not include buildings occupied by the Group, with the exception of one property with a market value of CHF 2.1 million (2013: CHF 1.9 million) in the Philippines.

The principal actuarial assumptions used are as follows:

in %	2014	2013
Switzerland		
Discount rate	1.2	2.1
Future salary increases	1.5	1.5
Other countries		
Discount rate	0.4 – 5.3	0.7 – 5.0
Future salary increases	3.0 – 5.5	3.0 – 6.0

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, 2014, is as follows:

in years	2014	2013
Switzerland		
Male	21.5	21.3
Female	24.0	23.8
Other countries		
Male	14.5–18.2	11.2–18.0
Female	23.5–24.6	17.7–24.0

The sensitivity of the defined benefit obligation to changes of significant assumptions as at December 31, 2014, is as follows:

in CHF millions	2014
Switzerland	
Discount rate increase by 0.5%	(10.9)
Discount rate decrease by 0.5%	12.0
Rate of salary increase by 0.5%	1.9
Rate of salary decrease by 0.5%	(2.4)
Rate of pension increase by 0.5%	8.2
Rate of pension decrease by 0.5%	(7.6)
Life expectancy increase by 1 year	5.3
Life expectancy decrease by 1 year	(5.5)
Other countries	
Discount rate increase by 0.5%	(1.8)
Discount rate decrease by 0.5%	2.0
Rate of salary increase by 0.5%	2.0
Rate of salary decrease by 0.5%	(1.7)
Rate of pension increase by 0.5%	0.2
Rate of pension decrease by 0.5%	(0.2)
Life expectancy increase by 1 year	n/a
Life expectancy decrease by 1 year	n/a

The weighted average duration of the defined benefit plan obligation as December 31, 2014, is 15.0 years (2013: 13.9 years).

25. Equity, share capital and treasury shares

	Nominal value in CHF	Total number of shares
As of January 1, 2013	**0.1**	**63,499,915**
Issue of new shares 2013	0.1	830,914
As of December 31, 2013, and January 1, 2014	**0.1**	**64,330,829**
Issue of new shares 2014	0.1	712,134
As of December 31, 2014	**0.1**	**65,042,963**

In 2014, the Group increased its capital by 712,134 shares (2013: 830,914) to serve its share-based incentive plans.

An ordinary dividend of CHF 0.95 per common registered share and an extraordinary dividend of CHF 0.15 per common registered share was paid in 2014 (2013: CHF 0.80 and CHF 0.15, respectively). Total dividend payments amounted to CHF 70.8 million (2013: CHF 60.3 million).

The total authorized number of shares as of December 31, 2014, of DKSH Holding Ltd. is 65,042,963 (2013: 64,330,829) 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, 2014 (2013: 778).

The Annual 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, 2014, the Company's conditional share capital amounts to 282,537 shares (2013: 994,671 shares) or CHF 0.03 million (2013: CHF 0.1 million).

As of December 31, 2014, the Company does not have authorized share capital (2013: nil).

At the Annual General Meeting scheduled for March 31, 2015, a CHF 1.15 ordinary dividend per registered share is to be proposed in respect of 2014 (2013: CHF 0.95 ordinary dividend and CHF 0.15 extraordinary dividend). 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, 2015. Dividends payable are not accounted for until they have been ratified at the Annual General Meeting.

Other reserves and retained earnings include statutorily restricted reserves of CHF 134.4 million as of December 31, 2014 (2013: CHF 130.2 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	2014	2013
Profit after tax attributable to the shareholders of the Group	192.2	228.7
Weighted average number of shares during the year	64,875,173	64,056,203
Dilutive shares	-	757,355
Adjusted weighted number of shares applicable to diluted earnings per share	64,875,173	64,813,558

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. Vesting for the second installment was on March 21, 2013 with no lock-up. Vesting for the first installment was on March 22, 2012; the lock-up for the installment was 180 days. A DCF pricing valuation was used to determine the fair value per underlying share at grant date. Key assumptions of the DCF pricing valuation included no account of dividends and the application of an illiquidity discount of 36%. The fair value at grant was a total of CHF 17.4 million. Total expense recognized for the period relating to the IPO Execution and Retention Award (equity-settled) was CHF 2.0 million (2013: CHF 6.2 million).

Long-Term Incentive Plan (LTIP)

The LTIP provided eligible senior executives with an opportunity to become shareholders of the Group and participate in the future long-term success of the Group. The eligibility for the plan was annually defined by the Nomination & Compensation Committee based on an overall qualitative assessment of the individual's performance.

The LTIP provided the participants with the possibility to receive up to 50% of their annual bonus in restricted shares with a three-year blocking period. For every restricted share, the participant was in addition entitled to receive a certain number of "Performance Share Units"(PSU). At vesting date (three years after allocation of the restricted shares), the Board of Directors was to determine the vesting multiple for the PSU at its full discretion (within the range of between 0.0 and 1.0 shares to be received per PSU) based upon the achieved performance of the Group for that period. Target performance would have resulted in a 0.5x PSU vesting multiple. Under this plan, 22,383 restricted shares were granted in December 2012. In 2013, the board decided to cease this plan with immediate effect and determined the vesting multiple for the PSU granted in previous years at 0.0.

In 2014, no expense relating to the LTIP have been recognized (2013: CHF (0.7) million).

Total expense

Total expense recognized for the period relating to share-based payment transactions (all of them equity-settled) amounted to CHF 2.0 million (2013: CHF 5.5 million).

28. Acquisitions and disposals

Acquisitions

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

Company	Country of incorporation	Legal ownership	Effective date	Consolidation method	Employees
The Glory Medicine Ltd.	Macao	100%	February 13, 2014	Full	35
Zeus Química S.A./Zeus Química LDA	Spain/Portugal	100%	June 13, 2014	Full	44

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)**

The fair value of trade receivables amounts to CHF 18.6 million. The gross contractual amount of trade receivables is CHF 18.7 million, of which CHF 0.1 million is expected to be uncollectible.

The goodwill of CHF 20.3 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 2013, the Group acquired shares in the following companies:

Effective February 28, 2013, the Group purchased 100% of the shares of Miraecare Co., Ltd., a privately held company based in Korea. Miraecare Co., Ltd. represents an independent distributor and service provider for international medical technology products.

Effective June 27, 2013, the Group purchased an additional 1.0% of ZD Luxury Watches and Accessories Ltd., a privately held company based in Switzerland. As of this date, the Group holds 51.0% of the shares of ZD Luxury Watches and Accessories Ltd. (including the purchase of 50.0% shares in 2011). Consequently, the Group has consolidated this business reflecting non-controlling interest of 49.0%. The non-controlling interest has been measured at fair value, which is estimated based on the purchase price paid by the Group at acquisition date. The business is specialized in the production of luxury watches and accessories under the Davidoff brand.

Effective June 28, 2013, the Group purchased an additional 31.9% of the shares of Glycine Watch SA, Switzerland. As of this date, the Group holds 52.1% of the shares of Glycine Watch SA (including the purchase of 20.2% in 2012). Based on the shareholder agreement between the Group and the seller, the Group has been granted a call option right to purchase the remaining shares and the seller has been granted a put option to sell the remaining shares for an agreed price based on future earnings targets. According to the terms of these put and call options the Group has present access to the economic benefits of the additional 47.9% and therefore has effectively acquired 100% interest in the subsidiary at acquisition date. The business was privately held and offers a select line of mechanical timepieces in the accessible luxury segment.

Effective November 30, 2013, the Group purchased the business assets of PT Primatek Technologies, a privately held company based in Indonesia. Primatek represents a distributor of textile manufacturing equipment in Indonesia.

Total consideration for the companies acquired was CHF 16.7 million.

From the date of acquisition, acquired businesses contributed net sales amounting to CHF 29.9 million and a combined loss of CHF 0.4 million in the financial year 2013. Assuming the businesses had been acquired as of January 1, 2013, the contribution for net sales would have been CHF 44.9 million, with a corresponding combined profit after tax of CHF 2.2 million as of December 31, 2013.

The fair value of the identifiable assets and liabilities acquired in 2013 as of the dates of acquisition are:

in CHF millions	**Fair value recognized on acquisition**
Assets	
Cash and cash equivalents	6.6
Trade receivables	4.5
Inventories	4.9
Other current assets	1.2
Intangible assets	14.3
Property, plant and equipment	1.2
Other non-current assets	0.6
Liabilities	
Trade payables	(5.5)
Current borrowings	(1.1)
Other current liabilities	(1.4)
Non-current borrowings	(2.7)
Provisions	(0.6)
Deferred tax liabilities	(2.6)
Other non-current liabilities	(0.4)
Net assets acquired	**19.0**
Non-controlling interest at fair value	(0.7)
Goodwill on acquisitions	8.4
Previous interest	(1.6)
Gain on bargain purchase	(8.7)
Loss on remeasuring the previous interest to fair value	0.3
Purchase consideration	**16.7**
Deferred purchase consideration	(5.7)
Purchase consideration paid in cash	11.0
Cash and cash equivalents acquired	6.6
Net cash outflow	**(4.4)**

Disposals
During the business year 2014, The Group had no disposals of its shareholdings.

Effective October 29, 2013, the Group disposed its shareholding in DKSH Transport Agencies Sdn. Bhd., a forwarding, husbanding and authorized customs/brokerage agent at all major clearance points in Malaysia:

in CHF millions	**Carrying value derecognized on disposal**
Assets	
Cash and cash equivalents	6.8
Trade receivables	6.9
Other current assets	0.2
Property, plant and equipment	0.2
Liabilities	
Trade payables	(1.7)
Other current liabilities	(2.0)
Net assets disposed	**10.4**
Goodwill	1.0
Non-controlling interest	(4.0)
Net gain on sale of shareholding	2.4
Proceeds from disposal	**9.8**

The total proceeds were received in cash in 2013.

29. Related party transactions

The following transactions were with related parties:

in CHF millions	2014	2013
Sales of goods and services		
Associates	-	0.6
Joint ventures	1.5	1.1
	1.5	**1.7**
Purchases of goods and services		
Shareholders	1.4	3.7
Associates	0.9	6.7
Joint ventures	0.3	0.2
	2.6	**10.6**
Year-end balances arising from related party transactions		
Trade receivables		
Associates	-	0.2
	-	**0.2**
Other receivables and prepayments		
Joint ventures	0.3	0.4
	0.3	**0.4**
Trade payables		
Shareholders	-	0.3
Associates	-	0.2
	-	**0.5**
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	2014	2013
Executive Board	15.1	21.1
Board of Directors	2.4	2.2

The total remuneration recognized as an expense in the reporting period for the Executive Board includes CHF 11.9 million (2013: CHF 14.4 million) cash-based payments, including both salary and awarded incentive-based compensation, CHF 1.7 million (2013: CHF 5.2 million) share-based payments, CHF 0.9 million (2013: CHF 0.9 million) post-employment benefits, and CHF 0.6 million (2013: 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 2.4 million (2013: CHF 2.2 million) cash-based payments.

As of December 31, 2014 and 2013, 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, 2014, the Group has outstanding corporate guarantees of CHF 2.6 million (2013: nil) in favor of joint ventures, as well as CHF 17.8 million (2013: CHF 13.5 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	2014	2013
Not later than 1 year	65.3	56.9
Later than 1 year and not later than 5 years	130.9	130.5
Later than 5 years	56.7	59.7
Total commitments under operating leases	**252.9**	**247.1**

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, 2014.

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	2014	2013
Net fair value	0.1	1.8
Current assets	0.3	1.8
Current liabilities	(0.2)	-
Current net assets	**0.1**	**1.8**
Swiss Franc equivalent notional amount of forward exchange contracts	32.2	37.2

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 loss of CHF 7.2 million (2013: net gain of CHF 41.6 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 2014, the Group recorded a net gain of CHF 5.3 million (2013: net loss of CHF 29.4 million) from revaluation of balance sheet items.

Foreign exchange contracts

in CHF millions	2014	2013
Current assets	9.0	17.4
Current liabilities	(6.6)	(1.8)
Net fair value of foreign exchange contracts	**2.4**	**15.6**
Swiss Franc equivalent notional amount of derivative financial instruments	711.4	583.6

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 9.3 million as of December 31, 2014 (2013: CHF 19.2 million) represents the Group's exposure to credit risk from derivative financial instruments.

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.

Financial instruments by category as of December 31, 2013, 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	1,606.5	-	-	-	1,606.5
Other receivables current	159.8	17.4	1.8	-	179.0
Other receivables non-current	2.7	-	-	-	2.7
Financial assets	19.2	-	-	2.9	22.1
Total	**1,788.2**	**17.4**	**1.8**	**2.9**	**1,810.3**

[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]	-	-	59.8	59.8
Financial lease liabilities	-	-	0.1	0.1
Trade payables	-	-	1,563.9	1,563.9
Other payables	1.8	-	52.4	54.2
Other liabilities non-current	-	-	21.7	21.7
Borrowings non-current[1]	-	-	50.2	50.2
Total	**1.8**	**-**	**1,748.1**	**1,749.9**

[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, 2014

Company name	Currency	Capital in thousands	Ownership
Holding and management companies			
DKSH Management Ltd., Zurich [1]	CHF	2,000	100%
Diethelm & Co Ltd., Zurich [1]	CHF	3,000	100%
DKSH China Holding Ltd., Hong Kong [1]	HKD	20,000	100%
DKSH Corporate Shared Services Center Sdn. Bhd., Kuala Lumpur [1]	MYR	5,000	100%
DKSH Holdings (Asia) Sdn. Bhd., Kuala Lumpur [1]	MYR	30,000	100%
DKSH Holdings (Malaysia) Bhd., Petaling Jaya	MYR	500,000	74%
DKSH Holding (S) Pte Ltd., Singapore [1]	SGD	23,703	100%
DKSH Management Pte Ltd., Singapore [1]	SGD	2,000	100%
Operating companies			
Switzerland			
DKSH Switzerland Ltd., Zurich [1]	CHF	20,000	100%
Maurice Lacroix SA (International), Saignelégier	CHF	1,000	51%
DKSH International Ltd., Zurich [1]	CHF	500	100%
Medinova AG, Zurich [1]	CHF	250	100%
Queloz SA, Saignelégier	CHF	50	51%
Asia			
DKSH Australia Pty Ltd., Hallam [1]	AUD	8,465	100%
DKSH Pharmaceutical (Shanghai) Ltd., Shanghai	CNY	10,000	90%
DKSH Hong Kong Ltd., Hong Kong [1]	HKD	100,000	100%
DKSH CL (Hong Kong) Ltd. Taiwan Branch, Taipei	HKD	5,000	100%
DKSH India Pvt. Ltd., Bombay-Mumbai [1]	INR	100,000	100%
DKSH Japan K.K., Tokyo [1]	JPY	1,600,000	100%
DKSH (Cambodia) Ltd., Phnom Penh [1]	KHR	4,000,000	100%
DKSH (Korea) Ltd., Seoul [1]	KRW	30,000,000	100%
DKSH Logistics Ltd., Icheon City [1]	KRW	900,000	100%
Miraecare Co., Ltd., Seoul	KRW	100,000	100%
Diethelm & Co. Ltd., Yangon [1]	MMK	90	100%
Diethelm Services Ltd. (Myanmar), Yangon [1]	MMK	50	100%

Company name	Currency	Capital in thousands	Ownership
DKSH Resources Sdn. Bhd., Petaling Jaya	MYR	60,000	100%
DKSH Malaysia Sdn. Bhd., Petaling Jaya	MYR	50,000	74%
DKSH Distribution (Malaysia) Sdn. Bhd., Kuala Lumpur	MYR	50,000	74%
DKSH Technology Sdn. Bhd., Kuala Lumpur [1]	MYR	5,000	100%
Bio-Life Marketing Sdn. Bhd., Kuala Lumpur	MYR	5,000	100%
The Famous Amos Chocolate Chip Cookie Corp (M) Sdn. Bhd., Petaling Jaya	MYR	1,000	74%
DKSH Smollan Field Marketing (Malaysia) Sdn. Bhd., Kuala Lumpur [1]	MYR	1,500	51%
DKSH New Zealand Ltd., Auckland [1]	NZD	230	100%
Edward Keller (Philippines) Inc., Manila [1]	PHP	500,000	100%
DKSH Philippines Inc., Manila [1]	PHP	11,500	100%
DKSH Singapore Pte Ltd., Singapore	SGD	13,998	100%
DKSH Marketing (S) Pte Ltd., Singapore	SGD	4,000	100%
DKSH (Thailand) Ltd., Bangkok [1]	THB	200,000	76%
The United Drug (1996) Co. Ltd., Bangkok [1]	THB	40,000	76%
Diethelm Keller Logistics Ltd., Bangkok	THB	6,000	100%
DKSH Supply Chain Solutions (Taiwan) Ltd., Taoyuan City	TWD	500,000	99%
DKSH Taiwan Ltd., Taipei [1]	TWD	300,000	100%
Lotus Trading, Ho Chi Minh City	VND	1,300,000	100%
DKSH (China) Co. Ltd., Shanghai	USD	16,800	100%
DKSH Vietnam Co. Ltd., Binh Duong [1]	USD	3,300	100%
Diethelm & Co. Technology Co. Ltd., Ho Chi Minh City [1]	USD	546	100%
DKSH Shanghai Ltd., Shanghai	USD	200	100%
PT DKSH Indonesia, Jakarta	IDR	3,000,000	100%
DKSH Guam, Inc., Dededo	USD	50	100%
Europe			
DKSH Luxury and Lifestyle Europe GmbH, Pforzheim	EUR	5,000	51%
DKSH GmbH, Hamburg [1]	EUR	3,068	100%
DKSH (France) S.A., Miribel [1]	EUR	2,400	100%
DKSH Great Britain Ltd., Beckenham [1]	GBP	500	100%
Zeus Química S.A., Barcelona [1]	EUR	648	100%

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

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To the General Meeting of
DKSH Holding Ltd., Zurich

Zurich, February 25, 2015

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 39 to 93), for the year ended December 31, 2014.

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, 2014 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	Nathalie Balett
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Financial statements DKSH Holding Ltd.

Income statement

in CHF millions	2014	2013
Income		
Income from investments	208.0	152.5
Financial income	5.8	18.5
Other income	1.0	4.2
Total income	**214.8**	**175.2**
Expenses		
Financial expenses	(4.5)	(8.1)
Other operating expenses	(24.8)	(17.4)
Loss on liquidation of subsidiary	(3.5)	-
Total expenses	**(32.8)**	**(25.5)**
Profit after tax	**182.0**	**149.7**

Balance sheet

in CHF millions	2014	2013
Assets		
Cash and cash equivalents	125.2	110.2
Other receivables from Group companies	312.1	210.8
Other receivables from third parties	0.5	2.0
Prepaid expenses	0.5	0.6
Loans to third parties	1.2	-
Current assets	**439.5**	**323.6**
Investments	415.1	412.4
Loans to Group companies	20.3	20.4
Loans to third parties	2.4	4.9
Non-current assets	**437.8**	**437.7**
Total assets	**877.3**	**761.3**
Liabilities and Equity		
Payables to third parties	0.5	0.2
Payables to Group companies	20.8	16.2
Accrued expenses	0.3	0.4
Current liabilities	**21.6**	**16.8**
Payables to Group companies	11.7	11.7
Non-current liabilities	**11.7**	**11.7**
Total liabilities	**33.3**	**28.5**
Share capital	6.5	6.4
Legal reserves		
Ordinary legal reserve	96.6	96.6
Reserve from capital contribution	77.6	101.3
Retained earnings	481.3	378.8
Profit after tax	182.0	149.7
Total equity	**844.0**	**732.8**
Total equity and liabilities	**877.3**	**761.3**

Notes to the financial statements

1. General information

The financial statements of DKSH Holding Ltd. (the "Company") are prepared in accordance with the requirements of the Swiss law (Swiss Code of Obligations).

2. Personnel

The Company does not directly employ staff, as such services are provided by DKSH Management Ltd., Zurich. The cost charged by DKSH Management Ltd. is recognized in other operating expenses.

3. Contingent liabilities

The total of guarantees and warranties in favor of third parties amounted to CHF 218.0 million (2013: CHF 289.0 million) as of December 31, 2014.

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. Fire insurance value of property, plant and equipment

DKSH Holding Ltd. does not own any property and equipment.

5. Investments

in CHF millions	2014	2013
As of January 1	**412.4**	**402.8**
Net increase	2.7	9.6
As of December 31	**415.1**	**412.4**

The principal direct and indirect subsidiaries held by DKSH Holding Ltd. are included in Note 34 to the Group's consolidated financial statements.

6. Equity

Share capital

	Nominal value in CHF	Registered shares	Nominal value in CHF
Balance as of January 1, 2014	**0.1**	**64,330,829**	**6,433,083**
Capital increase	0.1	712,134	71,213
Balance as of December 31, 2014	**0.1**	**65,042,963**	**6,504,296**

Conditional share capital

The Annual 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, 2014, the Company's conditional share capital amounts to 282,537 shares (2013: 994,671 shares) or CHF 0.03 million (2013: CHF 0.1 million).

Authorized share capital

As of December 31, 2014 and 2013, the Company did not have authorized share capital amounts.

Treasury shares

	Number of shares	Total carrying amount[1]
Balance as of January 1, 2013	778	-
Balance as of December 31, 2013	**778**	**-**
Balance as of December 31, 2014	**778**	**-**

[1] In CHF million

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 %	2014	2013
Diethelm Keller Holding Ltd., Switzerland	45.0	45.5
FFP Invest SAS, France	5.9	5.9
Matthews Pacific Tiger Fund, USA	3.9	< 3.0
Rainer-Marc Frey, Switzerland	3.9	3.9

7. Board and executive compensation

In accordance with Swiss law, additional disclosure related to remuneration paid and accrued for members of the Board of Directors and the Executive Board is provided below.

Remuneration of the Board of Directors

The following compensation has been accrued or paid to the current members of the Board of Directors. Information related to the compensation policy is disclosed in the Corporate Governance section.

For the year 2014:

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 Kamentzky was only elected by the Annual 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).

For the year 2013:

in CHF thousands	Function	Director fees (Cash)	Compensation for committees (Cash)	Allowances/ Social security contribution[1]	Total[2]
Adrian T. Keller	Chairman	750	-	11	761
Rainer-Marc Frey	Member	150	50	11	211
Dr. Frank Ch. Gulich	Member	150	-	11	161
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		**1,800**	**275**	**63**	**2,138**

[1] In compliance with the Ordinance, mandatory employer social security contributions of CHF 22.9 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 94.4 thousand.
[2] All amounts are gross amounts (i.e., before deduction of social security and income tax due by the members).

Shareholding by members of the Board of Directors

As of December 31, 2014 and 2013, 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	2014	2013
Adrian T. Keller	54,026	54,026
David Kamenetzky	-	-
Rainer-Marc Frey	2,509,666	2,509,666
Dr. Frank Ch. Gulich	3,066	3,066
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	1,188,888	1,188,888
Total	**3,856,630**	**3,856,630**

Remuneration of the Executive Board

For the year 2014:

in CHF thousands	Dr. Joerg Wolle President & CEO[2]	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).

For the year 2013:

in CHF thousands	Dr. Joerg Wolle President & CEO[2]	Executive Board	Total[3]
Fixed compensation	1,800	2,461	4,261
Variable compensation – cash	3,823	2,621	6,444
Allowances	118	516	634
Pension/Social security contribution [1]	328	558	886
Total	**6,069**	**6,156**	**12,225**

[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 571.0 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).

Shareholding by members of the Executive Board

As of December 31, 2014 and 2013, the following numbers of shares were held by members of the Executive Board and/or parties closely associated with them.

Number of shares held	2014	2013
Dr. Joerg Wolle	1,188,888	1,188,888
Bernhard Schmitt	141,596	137,562
Gonpo Tsering	238,307	280,001
Martina Ludescher	126,728	93,628
Marcel W. Schmid	41,680	41,548
Bruno Sidler	6,658	4,000
Total	**1,743,857**	**1,745,627**

Loans

In 2014, no loans were granted to members of the Board of Directors or the Executive Board of DKSH nor to associated parties, and no such loans were outstanding as of December 31, 2014.

8. Risk assessment

DKSH Holding Ltd. is part of the integrated risk management process of the Group. Within this group-wide risk management process the Board of Directors deals with the material risks, assesses the risks according to Swiss law and discusses appropriate actions, if necessary.

Proposal appropriation of available earnings

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

in CHF	2014
Retained earnings	
Retained earnings brought forward	528,483,441
Capital increase	(71,213)
Profit after tax	181,984,709
Transfer to legal reserve from capital contribution	(47,061,327)
Total available earnings	**663,335,610**
To be carried forward	**663,335,610**
Release and distribution of legal reserve from capital contribution	
Distribution of an ordinary dividend from legal reserve from capital contribution of CHF 1.15 per registered share (65,042,185 shares are entitled to dividends)	74,798,513

Building a better working world

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To the General Meeting of
DKSH Holding Ltd., Zurich

Zurich, February 25, 2015

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 97 to 103), for the year ended December 31, 2014.

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, 2014 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

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