Half-Year Report 2013

DKSH

Think Asia. Think DKSH.

Contents

DKSH at a glance

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

Our Business Units

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

Consumer Goods

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

Healthcare

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

Performance Materials

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

Technology

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

Letter to shareholders

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

Dear Shareholders,

In the first six months of 2013, DKSH again reaffirmed its strength and resilience with another strong set of results and continued to deliver double-digit profitable growth.

DKSH continued to demonstrate the robustness of its unique business model and outperformed the organic growth rate of 8.3% of its addressable market, resulting in further market share gains. We achieved strong double-digit sales growth as well as an over proportional increase in profit, highlighting our efficiency and high operational leverage. Net sales grew by 14.3% or CHF 594.5 million, to CHF 4.8 billion, while profit after tax grew by 30.8% to CHF 104.9 million. Operating profit (EBIT) increased to CHF 142.8 million, an increase of 13.4% compared to the first half of the prior year.

Free cash flow increased by 236.2% to CHF 170.8 million, which is extraordinary in light of the strong sales growth of CHF 594.5 million in the first half of 2013. Earnings per share improved by 30.1% to CHF 1.60.

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

Employees are DKSH's most important asset, and the company continues to invest in the skills and training of its employees. By June 30, 2013, DKSH employed 26,263 specialists worldwide, an increase of 381 people or 1.5% vs. year-end 2012.

DKSH's excellent performance is a result of the successful implementation of our strategy. It is based on achieving organic growth through the expansion of business with existing clients, multiplying success stories from country to country, as well as new business development. At the same time, DKSH is continuously strengthening the service offering and increasing the efficiency and performance of its business processes. Our organic growth is complemented by selective bolt-on acquisitions.

As an example, in the first half of 2013, we acquired Miraecare, one of the leading medical device distribution and service providers in Korea. The company provides highly specialized distribution and logistics services to both leading multinational medical device manufacturers and best-in-class hospitals in Korea.

This acquisition reinforces our track record as industry consolidator in the fast-growing but still highly fragmented Market Expansion Services industry.

Bruno Sidler, our Chief Operating Officer (COO), joined us on February 1, 2013. His track record as a seasoned executive in the business services industry with long and extensive experience in Asia, coupled with his Swiss origin, make him an ideal complement and asset for our Group Management.

In spite of more and more negative comments and the proliferation of economic news about a less positive development with slower growth in emerging markets, we believe that there are still substantial growth opportunities in Asia, where the rising middle class is spurring demand for premium consumer and healthcare goods, as well as luxury and lifestyle products.

In addition, Asia is developing into a continent with strong domestic markets. This in turn also creates the need to improve local infrastructures and develop local industries, driving the demand for industrial products such as machinery, semi-finished products and raw materials. The combination of Asia being at the center of global trade flows and falling trade barriers leads to increased inner-Asian growth. Finally, the increased need of companies nowadays to focus on their core competencies is fueling the widespread trend toward outsourcing of non-core activities to specialized service providers like DKSH.

Our achievement of consistent and strong performance over the past eleven years confirms that we are ideally positioned to exploit the growth generated by the long-term trends within our core Asian markets. Our business model is highly diversified and scalable for expansion. From today's perspective, we are optimistic that 2013 will be another record year with double-digit profitable growth. In addition, we expect sales to grow at least in line with our addressable market.

The first half of 2013 was yet another successful half-year for DKSH. We wish to thank our business partners, employees and shareholders for their commitment and support, and look forward to delivering another strong set of results in the second half of 2013.

Sincerely yours,

Adrian T. Keller
Chairman

Dr. Joerg Wolle
President & CEO

Key figures

Interim consolidated income statement

in CHF millions	January – June 2013	January – June 2012 [1]	Change
Net sales	4,754.5	4,160.0	14.3%
Operating profit (EBIT)	142.8	125.9	13.4%
Profit after tax	104.9	80.2	30.8%
EBIT margin (in %)	3.0	3.0	

Interim consolidated statement of financial position

in CHF millions	June 30, 2013	December 31, 2012 [1]
Total assets	3,413.5	3,331.0
Equity attributable to the shareholders of the Group	1,204.2	1,153.7
Net operating capital (NOC)	1,157.3	1,105.9
Net cash	56.4	56.2
Return on net operating capital (RONOC) (in %)	25.2	25.4
Return on equity (ROE) (in %)	17.0	17.3

Earnings per share

in CHF	January – June 2013	January – June 2012 [1]
Basic earnings per share	1.60	1.23
Diluted earnings per share	1.59	1.22

Other

	June 30, 2013	December 31, 2012	Change
Specialists	26,263	25,882	1.5%

[1] Restated to reflect the adoption of IFRS 11 and IAS 19 revised as explained in Note 5.

Management's discussion and analysis

Summary

In the first six months of 2013, DKSH continued its strong operational performance and sustainable, profitable growth. Net sales grew by 14.3%, an increase of CHF 594.5 million, to CHF 4.8 billion, while profit after tax grew by 30.8% or CHF 24.7 million, to CHF 104.9 million. Operating profit (EBIT) increased to CHF 142.8 million, representing an increase of 13.4%, equaling an increase of CHF 16.9 million. Earnings per share improved by 30.1% to CHF 1.60.

The majority of sales growth was achieved organically with only five percent achieved through M&A.

These results clearly outperform the Market Expansion Services industry's long-term growth rate of 8.3% in DKSH's addressable markets (Roland Berger, 2013) confirming further market share gains.

Free cash flow increased by CHF 120.0 million to CHF 170.8 million, despite the strong sales growth of CHF 594.5 million in the first half of 2013. This cash flow increase is exceptional and was achieved through rapid profit growth combined with tightly controlled working capital management.

Increase in profitability and the strong above-market performance in net sales are once again the result of DKSH's successful business model and the consistent implementation of the Group's strategy for sustainable, profitable growth.

The growth of profit after tax exceeded EBIT growth because of a better net financial result and a lower tax rate. The net financial expenses of CHF 0.4 million in the first half of 2013 were driven by a gain on foreign exchange derivatives as part of our hedging programs and lower interest expenses.

In the six months under report, organic growth was achieved through expanding business with existing clients, the multiplication of success stories from country to country, and new business development. The organic growth was complemented by the effect of smaller bolt-on acquisitions undertaken in 2012 and in the first half of 2013, resulting in additional net sales of CHF 30.9 million.

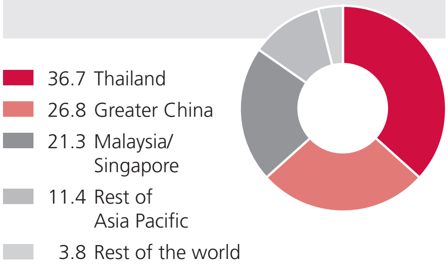
Employees are DKSH's most important assets. The company continued to invest in the skills and capabilities of its specialized staff. By the end of June 2013, DKSH employed 26,263 specialists worldwide, representing an increase of 381 people (+1.5%) compared to the year-end 2012.

DKSH continuously enhances its infrastructure to enable further growth. In May 2013, a new, state-of-the-art healthcare distribution center officially opened in Seoul, South Korea. With dedicated cold chain and redressing facilities, as well as advanced around-the-clock monitoring and security systems, the distribution center enables DKSH to provide its business partners with seamless and integrated services tailored to their needs.

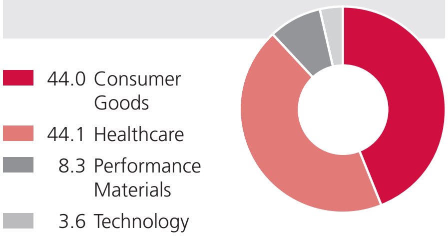
Furthermore, in order to continuously enhance operational efficiency and to further improve the integrity of the value chain as well as local knowledge and capabilities, DKSH invested, upgraded and further expanded its cold room facilities in the first half of 2013. This includes an expansion of cold chain facilities with enhanced state-of-the-art security features, off-site temperature alarm and monitoring control in Cambodia, Laos, Myanmar and China.

With the entry of Bruno Sidler as Chief Operating Officer (COO) at the beginning of February 2013, DKSH has strengthened its management team in order to support the implementation of its strategy for sustainable, profitable growth.

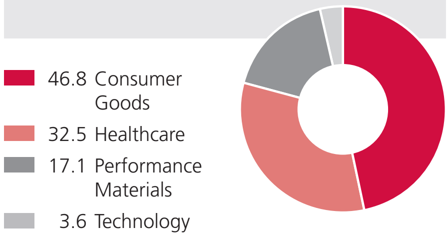
Net sales by region
in %



Net sales by Business Unit
in %



EBIT by Business Unit [1)]
in %



[1)] excluding segment "Others"

Profit after tax

Profit after tax improved by 30.8% to CHF 104.9 million in the first half of 2013. The net financial result of CHF -0.4 million, increased by CHF 8.0 million compared to the previous year's first half. There was a positive impact in 2013 from the revaluation of derivatives used to hedge foreign currency purchases while this impact was negative in 2012. Consequently, the costs for goods and material purchased include the opposite effect, resulting in higher costs in 2013 due to foreign exchange rate fluctuations.

Thanks to the lower debt position, the interest expenses decreased in 2013. The tax rate in the first half of 2013 decreased from 31.7% to 26.3%, primarily attributable to lower taxes in Thailand, Japan and Myanmar.

Return On Equity (ROE) reached a strong 17.0%. Earnings per share increased by 30.1% to CHF 1.60.

Consolidated statement of financial position

Total assets grew 2.5% to CHF 3.4 billion. Tight working capital management resulted in working capital growing slower than net sales. Cash and cash equivalents decreased by 24.3% to CHF 190.2 million while net cash increased in the first half of 2013 by CHF 0.2 million to CHF 56.4 million. High profit and moderate working capital increases supported these achievements. Compared to year-end 2012, total equity increased 4.4% to CHF 1.2 billion, translating into an equity ratio of 36.3%.

Average Net Operating Capital (NOC) for the first half of 2013 amounted to CHF 1.1 billion. This represents the average of the levels at the end of 2012 and June 2013. Return On Net Operating Capital (RONOC) reached 25.2% in the period under report.

Cash flow

Despite strong sales growth, free cash flow reached a high level of CHF 170.8 million, an increase of CHF 120.0 million, as a result of a strong EBITDA of CHF 164.5 million and good net operating capital management, resulting in a decrease in working capital of CHF 24.1 million. Capital expenditures amounted to CHF 17.8 million.

Net cash from operations was CHF 86.3 million, up CHF 134.7 million compared to 2012. For investing activities, the company had a net outflow of CHF 19.8 million. Cash outflow for acquisitions was CHF 2.3 million. Cash outflow from financing activities was CHF 128.4 million, including CHF 61.5 million for dividend and extraordinary dividend payments.

Cash and cash equivalents at June 2013 were CHF 190.2 million, a decrease of CHF 61.2 million compared to year-end 2012.

Business Units

Consumer Goods

In the first six months of 2013, net sales increased by 13.3% to CHF 2.1 billion, while EBIT grew by 12.1% to CHF 79.9 million.

The main drivers were the strong organic growth across the region achieved with a broad variety of existing clients, multiplying success stories from country to country and new business development. In addition, Business Unit Consumer Goods continues to focus on enhancing operational processes and efficiencies, expanding its service portfolio, and further strengthening the full-service solutions business.

Business Unit Consumer Goods has a leading position with a strong portfolio of clients across the region. The growing middle class in Asia with higher incomes and greater purchasing power increases domestic demand for high-quality consumer products and thereby drives the development of this Business Unit. DKSH is able to support premium brands with their business expansion in these markets. In addition, higher inner-Asian trade is a growth driver for DKSH's business model of also supporting Asian manufacturers to expand in Asia itself. Last but not least the trend for companies to outsource non-core activities like registration, sales, distribution and cash collection is also supporting the growth in Business Unit Consumer Goods.

DKSH's extensive network and capillary distribution system again helped increase sales with existing clients and expand long-term partnerships to additional markets. New clients appointed DKSH to support them with Market Expansion Services in Asia.

The Luxury & Lifestyle segment also developed positively, despite a certain slowdown in China and adverse currency fluctuations in Japan. Maurice Lacroix, acquired by DKSH in 2011, performed well in the first half of 2013 and launched a new collection at the Baselworld Watch and Jewelry Show in April, which was very favorably received by customers and the public.

Healthcare

In the Healthcare business, net sales grew by 19.4% against the previous half-year to CHF 2.1 billion. EBIT increased over proportionally by 30.3% to CHF 55.5 million due to strong organic growth with existing clients, the expansion of client relationships to more countries and new business development. These initiatives were complemented by refining operational processes and efficiencies, expanding our service offerings, and further strengthening the full-service solutions business in all channels and segments.

The rising Asian middle class is a growth driver also for Business Unit Healthcare as it creates more demand for ethical pharmaceuticals, OTC and medical devices.

In addition, inner-Asian trade is growing also in Healthcare as evidenced by the number of Japanese suppliers that DKSH is collaborating with to bring their products to Asian markets outside Japan. Furthermore, against the backdrop of rigorously focusing on their core competencies, more and more companies are relying on specialist service providers to establish and expand markets. Demand for such outsourcing services is growing steadily also in Healthcare.

In the first half, DKSH also invested in the opening of a new distribution center for Healthcare and opened a 4,300 square meter state-of-the-art distribution center in Seoul.

At the beginning of the year, DKSH acquired Miraecare, one of the leading medical device distribution and service providers in Korea. The company provides highly specialized distribution and logistics services to both leading multinational medical device manufacturers and best-in-class hospitals in Korea.

Performance Materials

In Business Unit Performance Materials, net sales grew by 6.7% to CHF 394.1 million and EBIT decreased by 6.7% to CHF 29.1 million.

Net sales and EBIT were negatively impacted by the sudden and severe weakening of the Japanese Yen in three ways. First of all, by the translation of these results into Swiss Francs: excluding the negative currency translation effect, EBIT grew 1.6% at constant exchange rates (CER). Second, because the input costs of specialty raw materials sourced in Europe and the USA have eroded the margin in Japan; though this impact from the currency fluctuation is hedged, the corresponding gain is visible only in the financial result below the EBIT line. Third, some projects have been postponed or cancelled in view of the price increases due to the strong currency devaluation. Market price adjustments are underway but take some time.

Performance Materials' strategy of enhancing the organic growth by leveraging the solutions-oriented business model, combined with new business development, resulted in a good underlying performance.

Based on its service-driven business model and pan-Asian as well as selective European coverage, Performance Materials expanded its cooperation with leading specialty chemicals companies and opened new innovation centers in China and Indonesia. In the USA, a new distribution center was opened in the Midwest.

In the first half of 2013, Swiss specialty chemicals distributor Staerkle & Nagler has also been successfully integrated into DKSH and now complements the Business Unit's market leadership position in Asia with a stronger European presence.

Technology

In the first half of 2013, net sales in Business Unit Technology decreased by 8.5% to CHF 169.9 million, while EBIT decreased by 40.2% to CHF 6.1 million. Technology also has a sizeable business in Japan like Business Unit Performance Materials. The weak performance is therefore to a certain extent attributable to the strong depreciation of the Japanese Yen which affected the performance in three ways, similar to the impact in Business

Consumer Goods

in CHF millions	H1 2013	H1 2012	% change	% change at CER
Net sales	2,094.3	1,848.6	13.3	10.3
EBIT	79.9	71.3	12.1	8.7

Healthcare

in CHF millions	H1 2013	H1 2012	% change	% change at CER
Net sales	2,098.4	1,757.6	19.4	16.0
EBIT	55.5	42.6	30.3	27.7

Performance Materials

in CHF millions	H1 2013	H1 2012	% change	% change at CER
Net sales	394.1	369.5	6.7	12.2
EBIT	29.1	31.2	- 6.7	1.6

Technology

in CHF millions	H1 2013	H1 2012[1]	% change	% change at CER
Net sales	169.9	185.7	- 8.5	- 7.5
EBIT	6.1	10.2	- 40.2	- 41.2

[1] Restated to reflect the adoption of IFRS 11 and IAS 19 revised

Performance Materials: first of all by the translation of these results into Swiss Francs. Second, because the price of imported capital investment goods and analytical instruments mainly from Europe has eroded the margin in Japan. Though this impact from the currency fluctuation is hedged, the corresponding gain is visible only in the financial result below the EBIT line. Third, some projects have been postponed or cancelled in view of the price increases due to the strong currency devaluation. Market price adjustments are underway but take some time.

In addition, certain operational issues have further contributed to the disappointing result. Under the leadership of the COO, a respective repositioning has been started and actions have been taken.

Other (non-Business Unit)

Other expenses/income, not allocated to the Business Units, primarily include corporate services that amounted to CHF 27.8 million in the first six months of 2013. This is similar to the previous year's first half and in line with regular half years.

Regional performance

DKSH continued to achieve double-digit sales growth in Asia and in the rest of the world. DKSH's largest market, Thailand, representing 36.7% of net sales, as well as Greater China and Malaysia/Singapore, which account for 26.8% and 21.3% of net sales, respectively, showed continued double-digit growth.

Outlook

In spite of more and more negative comments and the proliferation of economic news about a less positive development with slower growth in emerging markets, DKSH's main markets are expected to remain favorable thanks to the rapid growth of Asia's middle class, growing trade flows to and within Asia, and the trend of manufacturers to outsource non-core activities including market research, product registration, sales, marketing and distribution. DKSH is set to continue its course of sustainable, profitable growth and therefore confirms its guidance that 2013 will be another record year with double-digit profitable growth, whereby sales are expected to grow at least in line with the addressable market.

Interim consolidated income statement (unaudited)

in CHF millions (except for earnings per share in CHF)	January – June 2013	January – June 2012 [1]
Net sales	4,754.5	4,160.0
Other income	24.9	19.0
Goods and material purchased and consumables used	(4,065.2)	(3,527.5)
Employee benefit expenses	(268.9)	(251.3)
Depreciation, amortization and impairments	(21.7)	(20.6)
Other operating expenses	(281.9)	(254.4)
Share of profit of associates and joint ventures	1.1	0.7
Operating profit (EBIT)	**142.8**	**125.9**
Net finance costs	(0.4)	(8.4)
Profit before tax	**142.4**	**117.5**
Income tax expenses	(37.5)	(37.3)
Profit after tax	**104.9**	**80.2**
Attributable to:		
Shareholders of the Group	102.3	77.8
Non-controlling interest	2.6	2.4
Earnings per share for profit attributable to the shareholders of the Group		
Basic earnings per share	1.60	1.23
Diluted earnings per share	1.59	1.22

[1] Restated to reflect the adoption of IFRS 11 and IAS 19 revised as explained in Note 5.

Interim consolidated statement of comprehensive income (unaudited)

in CHF millions	January – June 2013	January – June 2012 [1]
Profit after tax	**104.9**	**80.2**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Net gains on available-for-sale financial assets, net of tax of CHF 0.1 million	0.3	-
Net investment hedges, net of tax of CHF 0.0 million in current and prior period	0.2	0.6
Currency translation differences	(2.0)	7.9
Items that will not be reclassified to profit or loss		
Actuarial gains on defined benefit plans, net of tax of CHF 1.6 million in current and CHF 0.3 million in prior period	5.5	2.0
Total comprehensive income	**108.9**	**90.7**
Attributable to:		
Shareholders of the Group	106.3	88.0
Non-controlling interest	2.6	2.7

[1] Restated to reflect the adoption of IFRS 11 and IAS 19 revised as explained in Note 5.

Interim consolidated statement of financial position (unaudited)

in CHF millions	June 30, 2013	December 31, 2012 [1]
Cash and cash equivalents	190.2	251.4
Trade receivables	1,664.6	1,617.5
Inventories	898.7	841.6
Prepaid expenses	40.6	26.9
Other receivables	232.3	221.1
Current income tax receivable	5.2	3.8
Current assets	**3,031.6**	**2,962.3**
Intangible assets	140.7	130.0
Other receivables	3.2	3.5
Property, plant and equipment	142.8	143.7
Financial assets	26.0	25.0
Investments in associates and joint ventures	29.4	30.0
Retirement benefit assets	11.6	6.2
Deferred tax assets	28.2	30.3
Non-current assets	**381.9**	**368.7**
Total assets	**3,413.5**	**3,331.0**
Borrowings	94.6	114.3
Trade payables	1,632.1	1,503.8
Current income tax liabilities	28.7	34.1
Other payables and accrued expenses	308.6	341.3
Current provisions	3.0	3.7
Current liabilities	**2,067.0**	**1,997.2**
Borrowings	39.2	80.9
Other non-current liabilities	20.5	18.6
Deferred tax liabilities	18.2	15.5
Non-current provisions	3.5	4.1
Retirement benefit obligations	25.4	27.6
Non-current liabilities	**106.8**	**146.7**
Total liabilities	**2,173.8**	**2,143.9**
Share capital	6.5	6.4
Reserves and retained earnings	1,197.7	1,147.3
Equity attributable to the shareholders of the Group	**1,204.2**	**1,153.7**
Non-controlling interest	**35.5**	**33.4**
Total equity	**1,239.7**	**1,187.1**
Total equity and liabilities	**3,413.5**	**3,331.0**

[1] Restated to reflect the adoption of IFRS 11 and IAS 19 revised as explained in Note 5.

Interim consolidated statement of changes in equity (unaudited)

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 audited	**6.4**	**(118.0)**	**234.2**	**1,048.4**	**1,171.0**	**33.4**	**1,204.4**
Adoption of IAS 19 (revised)	-	-	-	(17.3)	(17.3)	-	(17.3)
As of January 1, 2013 [1]	**6.4**	**(118.0)**	**234.2**	**1,031.1**	**1,153.7**	**33.4**	**1,187.1**
Profit after tax	-	-	-	102.3	102.3	2.6	104.9
Other comprehensive income	-	(1.8)	-	5.8	4.0	-	4.0
Total comprehensive income	**-**	**(1.8)**	**-**	**108.1**	**106.3**	**2.6**	**108.9**
Capital increase for incentive plans	0.1	-	-	(0.1)	-	-	-
Share-based payment transactions	-	-	-	4.5	4.5	-	4.5
Acquisition of a subsidiary	-	-	-	-	-	0.7	0.7
Dividend	-	-	-	(60.3)	(60.3)	(1.2)	(61.5)
As of June 30, 2013	**6.5**	**(119.8)**	**234.2**	**1,083.3**	**1,204.2**	**35.5**	**1,239.7**

in CHF millions							
As of January 1, 2012 audited	**6.3**	**(118.7)**	**236.9**	**871.0**	**995.5**	**27.2**	**1,022.7**
Adoption of IAS 19 (revised)	-	-	-	(10.6)	(10.6)	-	(10.6)
As of January 1, 2012 [1]	**6.3**	**(118.7)**	**236.9**	**860.4**	**984.9**	**27.2**	**1,012.1**
Profit after tax	-	-	-	77.8	77.8	2.4	80.2
Other comprehensive income	-	8.2	-	2.0	10.2	0.3	10.5
Total comprehensive income	**-**	**8.2**	**-**	**79.8**	**88.0**	**2.7**	**90.7**
Treasury shares	-	-	-	0.4	0.4	-	0.4
Capital increase for incentive plans	0.1	-	-	(0.1)	-	-	-
Share-based payment transactions	-	-	-	5.4	5.4	-	5.4
Dividend	-	-	-	(40.8)	(40.8)	(1.5)	(42.3)
As of June 30, 2012	**6.4**	**(110.5)**	**236.9**	**905.1**	**1,037.9**	**28.4**	**1,066.3**

[1] Restated to reflect the adoption of IFRS 11 and IAS 19 revised as explained in Note 5.

Interim consolidated cash flow statement (unaudited)

in CHF millions	January – June 2013	January – June 2012 [1]
Profit before tax	**142.4**	**117.5**
Non-cash adjustments		
Depreciation, amortization and impairments on		
Property, plant and equipment	16.1	14.8
Intangible assets	5.6	5.8
Share-based payment transaction expense	4.5	5.4
Loss/(gain) on sale of tangible and intangible assets	0.9	(0.3)
Net finance costs	0.4	8.4
Share of profit of associates and joint ventures	(1.1)	(0.7)
Change in provisions and other non-current liabilities	(4.4)	1.1
Change in other non-current assets	1.9	2.7
Other non-cash adjustments	(8.4)	-
Working capital adjustments		
Increase in trade and other receivables and prepayments	(45.8)	(132.1)
Increase in inventories	(48.2)	(60.5)
Increase in trade and other payables	68.9	32.5
Interest received	0.4	0.6
Interest paid	(3.7)	(4.6)
Taxes paid	(43.2)	(39.0)
Net cash flows from/(used in) operations	**86.3**	**(48.4)**
		-
Proceeds from sale of property, plant and equipment	2.1	3.9
Purchase of property, plant and equipment	(17.3)	(19.3)
Proceeds from sale of intangible assets	-	0.8
Purchase of intangible assets	(0.5)	(0.9)
Proceeds from sale of financial assets and dividend received from associates and joint ventures	0.6	2.5
Purchase of financial assets and investments in associates and joint ventures	(2.4)	(0.1)
Acquisition of subsidiary net of cash	(2.3)	-
Net cash flows used in investing activities	**(19.8)**	**(13.1)**

[1] Restated to reflect the adoption of IFRS 11 and IAS 19 revised as explained in Note 5.

in CHF millions	January – June 2013	January – June 2012 [1]
Proceeds from current and non-current borrowings	61.6	94.0
Repayment of current and non-current borrowings	(129.2)	(57.1)
Dividend paid	(60.3)	(40.8)
Net proceeds from net investment hedges	0.7	7.8
Proceeds from sale of treasury shares	-	0.4
Dividend paid to non-controlling interest	(1.2)	(1.5)
Net cash flows (used in)/from financing activities	**(128.4)**	**2.8**
Cash and cash equivalents, as of January 1	**251.4**	**192.2**
Effect of exchange rate changes	0.7	2.1
Net decrease in cash and cash equivalents	(61.9)	(58.7)
Cash and cash equivalents, as of June 30	**190.2**	**135.6**

[1] Restated to reflect the adoption of IFRS 11 and IAS 19 revised as explained in Note 5.

Notes to the interim 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.

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 interim consolidated financial statements include the consolidated financial statements of the Group and its subsidiaries as of June 30, 2013. They were approved by the Board of Directors on July 29, 2013.

2. Basis of preparation and accounting policies

Basis of preparation

The interim consolidated financial statements for the six months ended June 30, 2013 are prepared in accordance with IAS 34 and should be read in conjunction with the accompanying notes.

The interim consolidated statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2012, which have been prepared in accordance with IFRS.

Certain reclassifications have been made to the comparative financial information to conform to the current period presentation. The income from associates reported according to the equity method of accounting previously reported as "share of profit of associates" below operating profit (EBIT) has been reclassified to "share of profit of associates and joint ventures" to conform to the amended presentation of income from joint ventures reported according the equity method of accounting upon adoption of IFRS 11. The investments in associates and joint ventures build an integral part of the execution of the Group's strategy. The impact on the income statement reflects classification only with an increase of EBIT of CHF 0.1 million in 2012 and no change to profit after tax.

Accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2012, except for the adoption of new standards and interpretations as of January 1, 2013, noted below:

IAS 1 (amendment), "Presentation of items of other comprehensive income (OCI)": The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time have now to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 19 (revised) "Employee Benefits": The IASB has issued numerous amendments to IAS 19. In particular, actuarial gains and losses will no longer be treated according to the corridor approach and will instead be recognized immediately in other comprehensive income. In addition, the calculation of pension cost is including the interest component on a net funding basis. Previously, the expected return on plan assets and the interest on the defined benefit obligation were calculated separately. The transition to IAS 19 (revised) had an impact on the retirement benefit assets and obligations due to the difference in accounting for interest on plan assets. As required by the new standard, the Group's 2012 consolidated financial statements have been retrospectively restated to reflect these changes. The impact is explained in Note 5.

IFRS 10 "Consolidated financial statements": IFRS 10 replaces the portion of IAS 27 "Consolidated and Separate Financial Statements" that addresses the accounting for consolidated financial statements. It also includes the issues addressed in SIC 12 "Consolidation – Special Purpose Entities". IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The adoption of this standard had no impact on the consolidation of investments held by the Group.

IFRS 11 "Joint Arrangements": IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard resulted in the replacement of the proportionate consolidation by the equity method of accounting. Consequently, net sales and other income statement line items of joint ventures are no longer consolidated. The Group's share of the joint ventures' net profit is included in share of profit of associates and joint ventures above operating profit (EBIT) to conform with the presentation of operating performance prior to adoption of IFRS 11. As required by the new standard, the Group's 2012 consolidated financial statements have been retrospectively restated to reflect these changes. The impact is explained in Note 5.

IFRS 12 "Disclosure of Involvement with Other Entities": IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of the disclosure requirements in this standard are applicable for the interim consolidated financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Group has not made such disclosures.

IFRS 13 "Fair Value Measurement": IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change the requirement of using fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The adoption of this standard had no impact on the financial position or performance of the Group.

Total assets by level of fair value measurement as of June 30, 2013 amounted to CHF 13.6 million (December 31, 2102 CHF 16.9 million), thereof CHF 2.2 million is classified as Level 1 (December 31, 2012 CHF 2.1 million) and CHF 11.4 million as Level 2 (December 31, 2012 CHF 14.8 million). Total liabilities by level of fair value measurement as of June 30, 2013 amounted to CHF 3.5 million, all classified as Level 2 (December 31, 2012 CHF 5.1 million). There are no assets and liabilities measured at fair value classified as Level 3. In the first six months of 2013, there were no changes in the valuation techniques and no transfers of assets and liabilities within the fair value hierarchy.

3. Segment information

Identification of reportable segments

For management purposes, the Group is organized into Business Units based on their products and services, and has four reportable segments as described in the Group's annual financial statements 2012.

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

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

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

Operating segments

January - June 2013

in CHF millions	Consumer Goods	Healthcare	Performance Materials	Technology	Others	Eliminations	Group Total
Net sales third parties	2,093.8	2,097.8	394.0	169.8	(0.9)	-	4,754.5
Net sales intersegment	0.5	0.6	0.1	0.1	0.2	(1.5)	-
Net sales	**2,094.3**	**2,098.4**	**394.1**	**169.9**	**(0.7)**	**(1.5)**	**4,754.5**
EBIT	**79.9**	**55.5**	**29.1**	**6.1**	**(27.8)**		**142.8**
Net finance costs							(0.4)
Profit before tax							**142.4**

January - June 2012

in CHF millions	Consumer Goods	Healthcare	Performance Materials	Technology	Others	Eliminations	Group Total
Net sales third parties	1,848.1	1,757.0	369.4	185.5	-	-	4,160.0
Net sales intersegment	0.5	0.6	0.1	0.2	0.1	(1.5)	-
Net sales	**1,848.6**	**1,757.6**	**369.5**	**185.7**	**0.1**	**(1.5)**	**4,160.0**
EBIT	**71.3**	**42.6**	**31.2**	**10.2**	**(29.4)**	**-**	**125.9**
Net finance costs							(8.4)
Profit before tax							**117.5**

4. Acquisitions

Acquisitions

During the first six months of 2013, the Group acquired shares in the following companies:

Company	Country of incorporation	Legal ownership	Effective date	Consolidation method	Employees
Miraecare Co., Ltd., Seoul	Korea	100%	February 28, 2013	Full	94
ZD Luxury Watches and Accessories Ltd., Basel	Switzerland	51.0%	June 27, 2013	Full	5
Glycine Watch SA, Biel	Switzerland	52.1%	June 28, 2013	Full	7

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.

From the date of acquisition, acquired businesses contributed net sales amounting to CHF 10.4 million and a combined profit after tax of CHF 0.2 million. Assuming the businesses had been acquired as of January 1, 2013, the contribution for net sales would have been CHF 17.8 million with a corresponding combined profit after tax of CHF 0.2 million as of June 30, 2013.

The carrying value of previous interests and remeasurements based on acquistions data fair value are:

in CHF millions	
Carrying value of previous interests held in the acquirees	1.6
Acquisition date fair value of the previous interest held	1.3
Loss of remeasuring the previous interest to fair value recognized in other income	0.3

The fair value of the identifiable assets and liabilities as at 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	4.5
Other current assets	1.2
Intangible assets	14.3
Property, plant and equipment	1.1
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	(0.2)
Net assets acquired	**18.7**
Non-controlling interest at fair value	(0.7)
Goodwill on acquisitions	2.5
Previous interest	(1.6)
Gain on bargain purchase	(8.7)
Loss on remeasuring the previous interest to fair value	0.3
Purchase consideration	**10.5**
Deferred purchase consideration	(1.6)
Purchase consideration paid in cash	**8.9**
Cash and cash equivalents acquired	6.6
Net cash outflow	**(2.3)**

The fair value of trade receivables amounts to CHF 4.5 million. The gross contractual amount of trade receivables is CHF 4.7 million, of which CHF 0.2 million is expected to be uncollectible.

The goodwill of CHF 2.5 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 gain on the bargain purchase has been recognized in the interim consolidated income statement as other income. The gain on bargain purchase derives from the unique characteristics of the acquired companies.

The deferred purchase price that will have to be paid 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.

There were no acquisitions of subsidiaries in the first six months of 2012.

5. Restatements as result of new and revised standards

Impact of adoption of IFRS 11 "Joint Arrangements"

Under the previous standard IAS 31 "Investment in Joint Ventures", the Group's interest in joint ventures was classified as jointly controlled entities and the Group's share of the assets, liabilities, revenues, income and expenses was proportionately consolidated in the consolidated financial statements. Upon adoption of IFRS 11, these interests in joint ventures are determined to be joint ventures and are accounted by using the equity method of accounting. The effect of applying IFRS 11 is as follows:

Impact on the interim consolidated income statement

in CHF millions	**January – June 2012**
Net sales	(12.2)
Goods and material purchased and consumables used	10.0
Employee benefit expenses	0.7
Share of profit from associates and joint ventures	0.6
Other expenses	0.7
Operating profit (EBIT)	**(0.2)**
Income tax expenses	0.2
Profit after tax	**-**

Impact on the consolidated statement of financial position	
in CHF millions	As of December 31, 2012
Cash and cash equivalents	(2.2)
Trade receivables	(5.9)
Inventories	(7.3)
Other current assets	(0.4)
Current assets	**(15.8)**
Investments in associates and joint ventures	6.4
Other non-current assets	(0.4)
Non-current assets	**6.0**
Total assets	**(9.8)**
Borrowings	(4.2)
Trade payables	(1.8)
Other payables and accrued expenses	(3.7)
Current liabilities	**(9.7)**
Non-current liabilities	**(0.1)**
Total liabilities	**(9.8)**
Total equity	**-**

Impact of adoption of IAS 19 (revised) "Employee Benefits"

The Group has defined benefit plans in Switzerland, Japan, Thailand, Taiwan and in the Philippines. As a result of the adoption of the revised standard, actuarial gains and losses are recognized in OCI. In addition, the interest on net defined benefit obligation or asset is recognized in profit or loss, calculated using the discount rate used to measure the net pension obligation or asset. The effect of applying IAS 19 revised is as follows:

Impact on the interim consolidated income statement and interim consolidated statement of comprehensive income	
in CHF millions	January – June 2012
Employee benefit expenses	(0.7)
Income tax expense	0.2
Profit after tax	**(0.5)**
Attributable to shareholders of the Group	(0.5)
Attributable to non-controlling interest	-
Actuarial gains on defined benefit plans	2.3
Income tax expense (OCI)	(0.3)
Total comprehensive income	**2.0**
Attributable to shareholders of the Group	2.0
Attributable to non-controlling interest	-

Impact on the consolidated statement of financial position

in CHF millions	As of December 31, 2012
Retirement benefit assets	(15.3)
Deferred tax assets	1.0
Total assets	**(14.3)**
Retirement benefit obligations	6.2
Deferred tax liabilities	(3.2)
Total liabilities	**3.0**
Equity	**(17.3)**
Attributable to shareholders of the Group	(17.3)
Attributable to non-controlling interest	-

6. Equity

During the first six months of 2013 the Group increased its share capital by 786,914 shares (2012: 753,215 shares) to serve its share-based, long-term incentive plans (LTIP).

In the first six months of 2013 there have been no treasury shares transactions. During the corresponding period in 2012 the Group sold 12,822 treasury shares for CHF 0.4 million.

A dividend of CHF 0.95 (CHF 0.80 ordinary dividend per common registered share and CHF 0.15 extraordinary dividend per common registered share) was paid during the interim period. Total dividend payments amounted to CHF 60.3 million. In 2012 a dividend of CHF 0.65 per share was paid, resulting in total dividend payments of CHF 40.8 million.

7. Events after the reporting period

There were no material subsequent events which would require adjustments of the interim consolidated financial statements or additional disclosure.

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To the Board of Directors of
DKSH Holding Ltd., Zurich

Zurich, 29 July 2013

Report on the review of interim consolidated financial statements

Introduction
We have reviewed the accompanying interim consolidated financial statements (interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of financial position, interim consolidated statement of changes in equity, interim consolidated cash flow statement and notes, pages 9 to 22) of DKSH Holding Ltd. for the period from 1 January 2013 to 30 June 2013. The Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

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

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

Ernst & Young Ltd

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