DKSH Great Britain Limited

Report and Financial Statements

31 December 2011

Directors

G Tsering
R E Straughan
S C Heuer
T H D Sul

Secretary
Temple Secretarial Limited

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered Office
16 Old Bailey
London
EC4M 7EG

Registered No 00287620

Directors' report

The directors present their report and financial statements for the year ended 31 December 2011

Results and dividends

The loss for the year after taxation amounted to £307,561 (2010 – profit of £713) The directors do not recommend a final dividend (2010 – £nil)

Principal activities and review of the business

DKSH is the No 1 Market Expansion Services Group DKSH helps companies to grow their business in new and existing markets Our clients wish to sell products, and our customers look to buy or to resell clients' products We expand their access to knowledge, their sourcing base, their revenue opportunities, and their market shares Providing business partners with a comprehensive package of services to reach their individual goals is what we call Market Expansion Services – a professional approach to effectively outsourcing specialized business functions

During 2011 the Company increased its turnover versus the previous year but made a loss, principally as a result of unfavourable exchange rates Personnel cost increased with the full year effect of the incorporation of the Seafood team who joined at the end of 2010

The Company concluded the year with higher stock and creditors compared to the previous year due mainly to the slower than expected performance of the Seafood business plan However, important progress was made towards the end of the year and the positive trend has been carried over into 2012, and there are indications that it may become an important profit contributor for the Company

Business Line Food and Beverage Ingredients (FBI) include both Seafood and Food Ingredients The operation dealing with Food Ingredients delivered strong results, by increasing the number of active customers, introducing new clients, increasing the operative margins and by consolidating an identity of market leader in specific sectors Business Line Specialty Chemicals (SCI) offset the transfer of sales to our Australian operation and unfavourable exchange rates by focusing on strengthening relations with the major key accounts and increasing margins Business Lines Pharma Industry (PHI) and Personal Care Industry (PCI) share in common that projects may turn into successes only after several months and sometimes years, and the level, quality and size of potential projects provides confidence that new successes will arrive sooner rather than later

The Company is expected to grow in 2012 and return to profit The Seafood business is now fully incorporated and developing as per the original business plan The number of active customers across the different Business Lines is increasing and a robust operational structure has been implemented to sustain the challenge of our ambitious growing plans The objective is to grow organically and to benefit from any complimentary acquisitions by the DKSH Group

Going concern

The directors believe the Company to be a going concern based on their forecasts for the next 12 months The company receives funding from the group for its day to day operations The directors have received assurances from the parent company that sufficient funding will be made available

Directors' report (continued)

Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the Company to be exposure to foreign exchange rate movements which affect the margin earned by the Company The Company seeks to manage this risk through the use of forward exchange contracts And also the risk faced from competitors launching substitutable products Management seek to address this risk by not relying on a single product or customer for a significant proportion of revenue or profit

Financial instruments

The Company's financial instruments comprise cash, intercompany creditors and other items such as trade debtors and creditors that arise directly from its operations Derivative instruments in the form of forward contracts are held to manage foreign exchange risk as noted above The DKSH group manages its liquidity and cash flow risk through the use of its central finance centre in Singapore borrowing as and when required The Company monitors credit risk through regular monitoring of amounts outstanding for both time and credit limits

Directors

The directors who served the company during the year, or subsequently, were as follows

J W Wolle (resigned 11 May 2012)
G Tsering
M Caspani (resigned 11 May 2012)
R E Straughan (appointed 30 July 2012)
T H D Sul (appointed 11 May 2012)
S C Heuer (appointed 11 May 2012)

Disclosure of information to the auditors

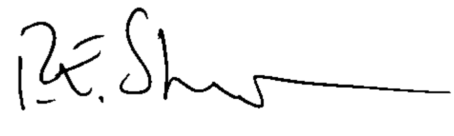
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

PricewaterhouseCoopers LLP resigned as auditors on 6 December 2011 and Ernst & Young LLP was appointed in their place

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board



R E Straughan
Director

28 September 2012

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditor's report

to the members of DKSH Great Britain Limited

We have audited the financial statements of DKSH Great Britain Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report

to the members of DKSH Great Britain Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

JI Gordon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London
28 SEPTEMBER 2012

Profit and loss account

for the year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover	2	13,481,261	12,295,195
Cost of sales		(10,676,244)	(10,064,527)
Gross Profit		2,805,017	2,230,668
Administrative expenses		(3,022,255)	(2,208,907)
Operating (Loss)/Profit	3	(217,238)	21,761
Interest payable and similar charges	6	(90,323)	(21,048)
(Loss)/Profit on ordinary activities before taxation		(307,561)	713
Tax	7	–	–
(Loss)/Profit for the financial year	15	(307,561)	713

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2011

There are no recognised gains or losses other than the loss attributable to the shareholders of the Company of £307,561 for the year ended 31 December 2011 (2010 – profit of £713)

Balance sheet

at 31 December 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	9	113,980	165,517
Current assets			
Stocks	10	5,688,890	3,251,219
Debtors	11	2,159,512	2,026,329
Cash at bank and in hand		406,479	28,386
		8,254,881	5,305,934
Creditors amounts falling due within one year	12	(7,045,275)	(3,840,304)
Net current assets		1,209,606	1,465,630
Net assets		1,323,586	1,631,147
Capital and reserves			
Called up share capital	14	375,000	375,000
Profit and loss account	15	948,586	1,256,147
Shareholders' funds	16	1,323,586	1,631,147

These financial statements were approved by the Board of Directors on 28 September 2012 and were signed on its behalf by

R E Straughan
Director

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis, in accordance with the Companies Act 2006 and UK applicable accounting standards and under the historical cost accounting rules

Fundamental accounting concept

The financial statements have been prepared on the going concern basis because the ultimate parent undertaking has given the necessary assurances that sufficient resources will be made available, so that the company can meet its liabilities as and when they fall due, for at least twelve months from the date of approval of these financial statements

Statement of cash flows

The Company is exempt from the requirement of FRS 1 (revised 1996) to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of DKSH Holding AG, and its cash flows are included within the group cash flow statement of that company

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition

Depreciation is provided on a straight line basis so as to write off the cost of tangible fixed assets over their expected useful lives at the following annual rates

Leasehold improvements	–	13 1/3%
Computer hardware	–	33 1/3%
Computer software	–	33 1/3%
Furniture and Equipment	–	20%

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Stocks

Stocks, all of which are goods held for resale, are stated at the lower of per prior year weighted average cost and net realisable value

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Notes to the financial statements

at 31 December 2011 (continued)

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Leasing and hire purchase commitments

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Pensions

Contributions payable under defined contribution schemes are charged to the profit and loss account in the period in which they fall due

2. Turnover

Turnover represents the invoiced amount of goods, net of value added tax All turnover and profit before taxation is derived from the Company's principal activity of specialist chemical distributors Turnover is recognised when goods are delivered to customers Turnover is derived from the following countries

	2011	*2010*
	%	%
United Kingdom	77	59
Australia	5	27
Rest of world	18	14

3. Operating (Loss)/Profit

This is stated after charging/(crediting)

		2011	*2010*
		£	£
Auditor's remuneration –	audit	13,256	13,200
–	tax services	5,625	5,525
Depreciation of owned fixed assets		58,139	60,189
Operating lease rentals –	land and buildings	115,850	115,850
–	others	5,725	5,725
Foreign exchange gain		(17,380)	(231,327)

Notes to the financial statements

at 31 December 2011 (continued)

4. Directors' remuneration

	2011	*2010*
	£	*£*
Remuneration	107,280	52,550
Company contributions paid to defined contribution pension schemes	8,910	–

	No	*No*
Members of defined contribution pension schemes	1	–

In the prior year, all directors were remunerated by other group companies A recharge of £52,550 was made in respect of their services to the Company

5. Staff costs

	2011	*2010*
	£	*£*
Wages and salaries	1,042,096	778,362
Social security costs	104,336	70,249
Other pension costs	78,314	56,482
	1,224,746	905,093

The average monthly number of employees during the year was made up as follows

	No	*No*
Administration	6	7
Trading	16	15
	22	22

6. Interest payable and similar charges

	2011	*2010*
	£	*£*
Payable to group companies	90,323	20,247
Other	–	801
	90,323	21,048

Notes to the financial statements

at 31 December 2011 (continued)

7. Tax

(a) Tax on loss on ordinary activities

The tax loss is made up as follows

	2011	2010
	£	£
Current tax		
UK corporation tax on the loss for the year	–	–
Tax on loss on ordinary activities	–	–

(b) Factors affecting tax loss for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26 5% (2010 – 28%) The differences are explained below

	2011	2010
	£	£
Loss on ordinary activities before tax	307,561	713
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26 5% (2010 – 28%)	81,503	200
Effects of		
Disallowable expenses	(9,818)	(200)
Tax losses not recognised	(71,685)	–
Current tax for the year (note 7(a))	–	–

Tax losses available for carry forward totalling £270,512 (2010 – nil) have not been recognised as deferred tax assets as there is currently no persuasive evidence that there will be suitable taxable profits against which these timing differences will reverse

8. Dividends

	2011	2010
Equity – ordinary	£	£
Final dividend paid nil (2010 – £0 61) per £1 share	–	263,235
Final dividend proposed nil (2010 – £nil) per £1 share	–	–

Notes to the financial statements

at 31 December 2011 (continued)

9. Tangible fixed assets

	Leasehold improvements	*Computer hardware*	*Furniture and equipment*	*Computer software*	*Total*
	£	*£*	*£*	*£*	*£*
Cost					
At 1 January 2011	172,769	40,055	88,959	55,009	356,792
Additions	-	1,152	2,200	3,250	6,602
At 31 December 2011	172,769	41,207	91,159	58,259	363,394
Accumulated depreciation					
At 1 January 2011	83,015	31,333	63,305	13,622	191,275
Charge for the year	23,111	4,371	18,595	12,062	58,139
At 31 December 2011	106,126	35,704	81,900	25,684	249,414
Net book value					
At 31 December 2011	66,643	5,503	9,259	32,575	113,980
At 1 January 2011	89,754	8,722	25,654	41,387	165,517

10. Stocks

	2011	*2010*
	£	*£*
Finished goods held for resale	5,471,282	2,376,475
Raw materials	217,608	874,744
	5,688,890	3,251,219

11. Debtors

	2011	*2010*
	£	*£*
Trade debtors	2,007,853	1,838,696
Amounts owed by group undertakings	35,022	18,964
Other debtors	15,302	7,525
Prepayments	101,335	161,144
	2,159,512	2,026,329

Amounts owed by group undertakings are unsecured, interest-free and repayable on demand

Notes to the financial statements

at 31 December 2011 (continued)

12. Creditors: amounts falling due within one year

	2011	*2010*
	£	*£*
Trade creditors	607,215	286,221
Amounts owed to group undertakings	6,098,837	3,119,902
Other taxation and social security	111,455	137,118
Accruals	227,768	297,063
	7,045,275	3,840,304

Amounts owed to group undertakings include amounts owed to the group funding company, which are unsecured, bear interest and are repayable on demand

13. Forward contracts

The Company had outstanding forward transactions to hedge foreign currencies as follows at 31 December 2011 of £718,349 (2010 – £158,586) Based on the year end exchange rates, these contracts have an unrealised profit of £6,646 at 31 December 2011 (2010 loss – £22,705)

		In currency		*In sterling*
Maturing within one year	*2011*	*2010*	*2011*	*2010*
To hedge future purchase payments in US Dollars	$881,500	$50,000	558,387	31,669
To hedge future purchase payments in Euro	€133,032	–	113,312	–
To hedge future purchase payments in Japanese Yen	¥5,580,000	¥16,960,000	46,650	126,917

14. Issued share capital

		2011		*2010*
Allotted, called up and fully paid	*No*	*£*	*No*	*£*
Ordinary shares of £1 each	375,000	375,000	375,000	375,000

15. Movements on reserves

	Profit and loss account
	£
At 1 January 2010	1,518,669
Profit for the financial year	713
Dividends paid	(263,235)
At 1 January 2011	1,256,147
Loss for the financial year	(307,561)
At 31 December 2011	948,586

Notes to the financial statements

at 31 December 2011 (continued)

16. Reconciliation of shareholders' funds

	2011	*2010*
	£	*£*
Shareholders' funds at beginning of year	1,631,147	1,893,669
Loss for the financial year	(233,489)	713
Dividends paid	–	(263,235)
Shareholders' funds at end of year	1,1397,658	1,631,147

17. Pensions

The Company operates a defined contribution pension scheme open to directors and employees The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to £76,377 (2010 – £56,482)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

18. Other financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

		2011		*2010*
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£	*£*	*£*	*£*
Operating leases which expire				
Within one year	–	5,725	–	–
In two to five years	–	–	–	5,725
Over five years	115,850	–	115,850	–
	115,850	5,725	115,850	5,725

19. Related party transactions

The Company has taken advantage of the exemption stated in FRS 8 that allows the non disclosure of transactions or balances with entities that are part of the group

20. Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary undertaking of DKSH Holdings AG incorporated in Switzerland, and the directors consider this to be the current ultimate controlling party At 31 December 2011 the majority shareholder of DKSH Holdings AG was Diethelm Keller Holding Limited, a privately held limited liability company incorporated and domiciled in Switzerland In March 2012 DKSH Holdings AG undertook an initial public offering, thereafter, Deithelm Keller Holding Limited's stake was reduced to 46%

The largest group in which the results of the Company are consolidated is that headed by DKSH Holdings AG, incorporated in Switzerland The group financial statements of this company are available to the public and may be obtained from Wellington House, 60-68 Wimbledon Hill Road, Wimbledon, SW19 7PA No other publically available group financial statements include the results of the Company