



Diethelm Keller Holding Ltd

Europe Asia Americas
Americas Asia Europe

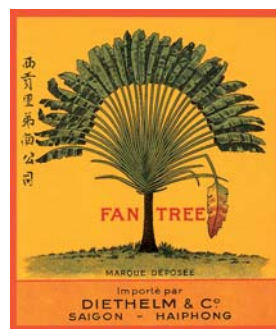
2

0

0

6

2006: CONCENTRATING ON GROWTH OPPORTUNITIES



Fan tree*

The fan tree (*ravenala madagascariensis*), also known as the traveller palm, is the symbol of the Diethelm Keller Group. The fan tree is not only beautiful; it is strong, sturdy and enjoys long life. It bends with the wind but does not yield. The branches and leaves form a circle, thus embracing all the activities of the Diethelm Keller Group. The red color reflects the Swiss heritage, and the fan tree stands for the Groups' Asian roots.

The Diethelm Keller Group

- is an internationally active Swiss holding company of long standing, principally owned by fourth generation descendants of the founders;
- has been fulfilling a bridge-building role in the exchange of products and services between Asia and Europe for over 140 years and today also operates own companies in Europe, as well as in the Americas;
- employs 25,346 people in four operating units in 40 countries. In 2006 it generated a consolidated transaction value of CHF 10,095 million and consolidated net revenues under International Financial Reporting Standards (IFRS) of CHF 6,502 million.

* The fan tree on the left page was registered as a trademark in Saigon by Diethelm & Co. Ltd. in the late 19th century. Today, the modern version of the fan tree is the official logo of the Diethelm Keller Group.

Contents

2	Chairman's letter
5	Corporate governance
6	Values and success factors
7	Milestones
8	Operating units and brands
12	DKSH
16	Diethelm Keller Brands
21	Diethelm Travel Asia Ltd.
22	STA Travel
24	Addresses



Photography concept

The Diethelm Keller Group plays a bridge-building role in the exchange of goods and services between Asia, Europe and the Americas. In over 140 years of business activity, extensive networks have been built with people from the most diverse cultural backgrounds. The images in this publication pay tribute to partnerships that have evolved through the generations.

Commissioned by Diethelm Keller Holding Ltd., the photographs in this Annual Report were taken by Nadja Tempest. Born in 1979 in Zürich, Switzerland, where she lives, Nadja Tempest graduated in 2006 from the Hochschule für Gestaltung und Kunst Zürich.

2006: Concentrating on growth opportunities

Dear shareholders

Dear business partners, members of the staff and friends

In 2006, the Diethelm Keller Group benefited from favourable global business conditions. Asia, the core region of the Group, enjoyed particularly strong economic growth. The European economies profited from the excellent conditions in their main export markets. The US business community had another good year, even though the future economic stability was viewed with somewhat more scepticism as the year progressed.

DKSH Holding Ltd. again achieved a record performance, reporting double digit growth of sales and profits. Overall, DKSH strengthened its position in most markets and expanded its business in India with an acquisition in the field of technology. The business units Consumer Goods, Healthcare, Technology and Specialty Raw Materials all produced very satisfactory results. Reflecting its business growth, DKSH again enlarged its employee base by adding around 800 staff, employing more than 21,500 people at the end of 2006 in over 300 locations in Asia, Europe and the Americas. In 2006, DKSH celebrated 100 years of successful activities in Thailand, which maintained the No. 1 position of all countries served by the company. The festivities, held in April in Bangkok, were graced by the presence of Her Royal Highness, Princess Maha Chakri Sirindhorn.



Diethelm Keller Brands Ltd. (DKB) reaped the benefit both from the positive business climate and the strategic regrouping of the various brands, which has sharpened its focus, resulting in substantial growth in sales and profits. The Household division of DKB reinforced its international position by the acquisition of William Levene Ltd., a well known UK marketer of household utensils, with established global brands such as Cole & Mason, Culinaire, Ken Hom and Jamie Oliver Flavour Shaker™, licensed from the renowned British entrepreneur. DKB Household's brands Zyliss, Turmix and Koenig and William Levene are a very encouraging fit both in product range and distribution. Delta Creative has adapted its business model to satisfy changed market requirements. Within DKB's Industrial division, Diethelm Keller Aviation and Diethelm Keller Furniture reached the results envisaged for 2006, while EDAK as well as the Cleaning Systems division's Wetrok operation exceeded expectations. The winding down of the façade business of DKE in Singapore progressed according to plan. The building materials department will be closed during 2007.

Diethelm Travel Asia Ltd. (DTA) had a very encouraging year, which resulted in a strong bottom line. The entry into the Kingdom of Bhutan proved to be a success, as an increasing flow of visitors enjoyed the beauty of this country. In line with the strategy of serving the entire China inbound market, DTA opened an office in Beijing in the latter part of 2006. The company started to prepare the entry into India during 2007, thus increasing its presence to nine countries.

STA Travel Group (STA Travel), the leading travel company for students and young people, continued its restructuring efforts, which were started during 2005 in response to major structural market changes. While streamlining its branch network, STA Travel introduced a new IT platform for its online travel offerings and a new global online-booking system. Sales remained at 2005 levels, however margins improved slightly. STA Travel is expected to return to a sustainable growth pattern during 2007.

Ensuring long-term success and sustained profitability remains the corner stone of our strategy. The Board of Directors, with these goals in mind, is paying close attention to the portfolio of companies and the risk balance within the Diethelm Keller Group. To improve the risk structure, the Board of Directors decided that property management is not part of the core business, and that proceeds from property divestments are to be reinvested into core businesses in order to support future growth. On that basis, the Diethelm Towers in Bangkok were sold to the Government Pension Fund of Thailand.

Diethelm Keller Group's four operating units started favourably into the year 2007. They are well positioned, given their strong efforts during 2006 to improve their fitness, to take advantage of growth opportunities coming their way.

My colleagues on the Board of Directors join me in expressing our deep gratitude to our business partners for their trust and support. It is our resolve to justify this confidence by optimally serving our customers' interests. At the same time, we wish to thank all members of the staff for their hard work, their loyalty and dedication, knowing well that our's is a people's business, with the success depending on the commitment of each and every member of the Group.



Andreas W. Keller
Chairman of the Board of Directors

Diethelm Keller Group: Key figures*
(Financial figures in CHF million)

	2006	2005	+/- %
Consolidated transaction value	10,095	9,456	+7
Consolidated sales under IFRS	6,502	5,702	+14
Employees at year end	25,346	24,745	+2

Locations

Headquarters: Zürich (Switzerland)
International presence: Companies and branch offices in 40 countries as well as representatives, franchisees and licensees in 50 further countries.

* Pursuant to International Financial Reporting Standards (IFRS), significant parts of our activities are not classified as revenues. For example, while STA Travel sold tickets and other services to over 2.5 million passengers representing more than 6 million customer transactions and generated a transaction value with airlines and other partners of almost CHF 1.5 billion, according to IFRS, only the commissions earned on these transactions are recognized as Diethelm Keller revenues.



Professional standards as guiding principle

Diethelm Keller Holding Ltd. is a privately held company, principally owned by fourth generation descendants of the founders. The four major owners form the Executive Committee of the Board of Directors of the Holding Company.

The Diethelm Keller Group is committed to the principles of good Corporate Governance, has a professionally organized Board and applies group-wide International Financial Reporting Standards (IFRS).

Diethelm Keller Holding Ltd. Board of Directors

Andreas W. Keller, Chairman*
 Dr. Jean-Pierre Blancpain, Vice Chairman*
 Adrian T. Keller, Vice Chairman **
 Jean-Daniel de Schaller*
 Walter Ehrbar**
 Rudolf Schiess
 Dr. Joerg W. Wolle

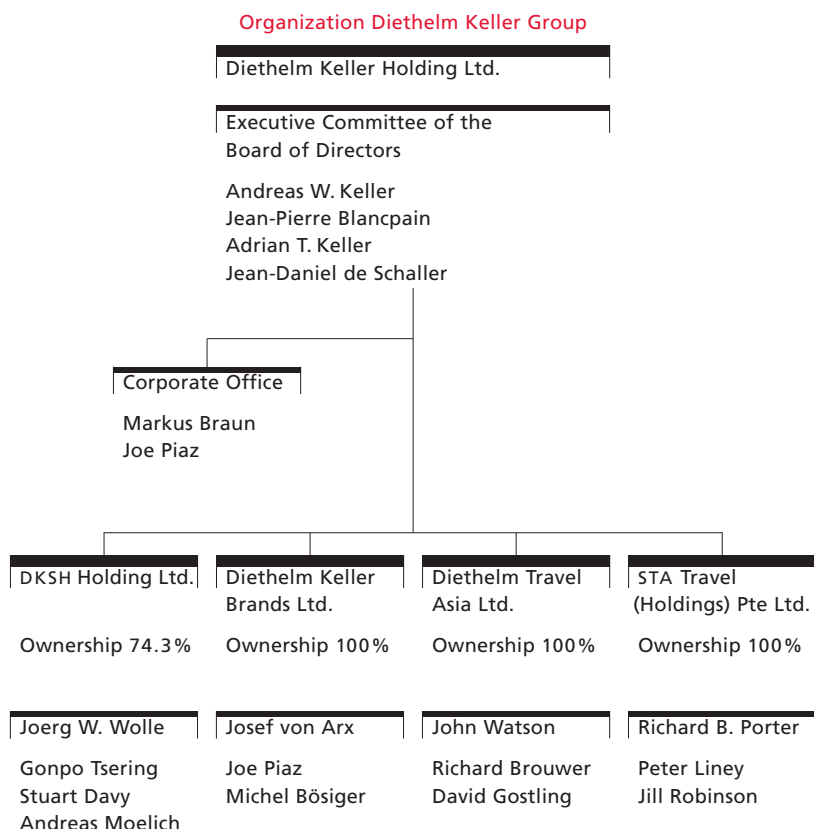
* Member of the Executive Committee
 ** Member of the Audit Committee

Corporate Office

Dr. Markus Braun, Head of Corporate Office
 Joe Piaz, Chief Financial Officer

Auditors

PricewaterhouseCoopers Ltd., Zürich



Values and success factors

Our values

Diethelm Keller Holding is a privately held enterprise in the tradition of European family companies. The principal owners are fourth generation descendants of the founders and have a long-term commitment to the business. We are proud of the long-standing reputation of our company, which is based on the following principal values:

Respect

We conduct our business with responsibility and respect toward people, cultures, countries and the environment. We respect national customs, regulations and laws.

Fairness

We are proud of the good reputation the names Diethelm and Keller have enjoyed for generations, standing for credibility, stability and fairness.

Integrity

We are committed to the highest standards of ethics and integrity throughout our company. It is a key requirement for employees to succeed in our organization.

Sustainability

We own our various businesses for the long term. Each entity is responsible for its financial soundness and is allowed to retain sufficient profits to enable a long-term growth strategy.

Our success factors

Diethelm Keller Holding operates as a portfolio holding company. The long-term strategy and the balance of risk exposure are determined by the core shareholders to safeguard the long-term viability of our company. The responsibility and the authority to operate our various businesses are delegated to the operating units, which enjoy a high degree of entrepreneurial freedom. The following are the key factors for our success:

Operating autonomy

Our operating units can rely on a high degree of entrepreneurial and financial autonomy in the implementation of their long-term strategies.

Commitment to customers

We are fully committed to the products and services we provide and distribute. With our know-how, reliability and efficiency, we make sure that our customers' interests are served optimally.

Learning culture

We foster an active, professional exchange of know-how among our employees by providing an open environment for our multicultural, multilingual and geographically diverse staff.

Long-term financial orientation

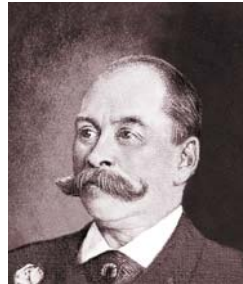
With the vision to remain private, we pursue a long-term strategy of sustainable growth. Adequate profits combined with a conservative dividend policy ensure a successful long-term future.

Milestones in our history

In the late 1860s, two young Swiss pioneers, Wilhelm Heinrich Diethelm and Edward Anton Keller, ventured to the Far East. Diethelm settled down in Singapore and Keller chose the Philippines as his new home.



Wilhelm Heinrich
Diethelm



Edward Anton Keller

In 1887, Edward Anton Keller acquired his employer's company, Lutz & Co., Manila, and Wilhelm Heinrich Diethelm obtained the majority of shares of his employer, Hooglandt & Co., Singapore. The dedication to their companies and their in-depth knowledge of their markets and customers brought about the respect and trust of local business communities, which was essential for the development of strong ties with international business partners.

Diversification, together with a policy of reinvesting profits, provided the basis for continuous growth. Diethelm & Co. Ltd. and Edward Keller Ltd. had the foresight to tap the potential of their extensive networks throughout Asia, Europe and the Americas and combine them with their core competencies.

Although cooperation between the two families and their companies dates back to the beginning of the 20th century, the establishment of the Diethelm Keller Group did not take place until 100 years later, i.e. in July 2000.

After World War II, Diethelm & Co. Ltd. and Edward Keller Ltd. began to expand their presence in Europe to reinforce their strong position in Asia. In the course of the years, they built up a portfolio of brands. In 2001, these companies were integrated under the umbrella of Diethelm Keller Management & Investment, renamed in Diethelm Keller Brands at the beginning of 2006.

In the postwar years, Diethelm & Co. Ltd. also began to offer travel services in Southeast Asia. In 2001, Diethelm Travel Asia was established to encompass all travel activities in Southeast Asia and is currently one of the leading travel companies in the region.

In 1979, STA Travel was acquired. Established in the early 1970s, STA Travel is the world's largest travel organization for students and young people. STA Travel is present in 90 countries.

DKSH Holding Ltd. was formed in June 2002 through the merger of Diethelm Keller Services Asia Ltd. with SiberHegner Holding Ltd. SiberHegner's roots date back to 1865, when Hermann Siber, another Swiss entrepreneur of pioneering character, founded his own trading company in Yokohama. Today, DKSH is the leading marketing, distribution and after-sales service provider in the Asia/Pacific region.

Operating units

DKSH

Established in 2002 by the merger of Diethelm Keller Services Asia Ltd. with SiberHegner Holding Ltd. DKSH is the No. 1 services group in Asia, focusing on sourcing, marketing, logistics and distribution. All business activities are managed through four highly specialized business units, catering to specific industry sectors. 21,552 employees in 35 countries. CEO: Dr. Joerg W. Wolle.



Business units

Consumer Goods	Healthcare	Specialty Raw Materials	Technology
Full-service marketing provider and high volume supply chain specialist, focusing on fast-moving consumer goods, food services, cosmetics, luxury goods and lifestyle products. 11,616 employees.	Supply chain management solutions, marketing and sales services, integrated pharmaceutical manufacturing for pharmaceutical and health-care industry. 7,757 employees.	Integrated service solutions for selected industries (such as food and personal care, specialty chemicals, pharmaceutical, animal care). 975 employees.	Marketing, distribution, sourcing and integrated services for capital investment goods and scientific and analytical instruments. 1,204 employees.

Diethelm Keller Brands

Established in 2001 as parent, Diethelm Keller Brands Ltd. (DKB) owns a diversified portfolio of proprietary brand companies with 14 brands organized in three divisions. The companies are located in Switzerland, in the United Kingdom, Singapore and the USA. 1,063 employees in 8 countries. CEO: Josef von Arx.



Divisions



Cleaning Systems Division

The Cleaning Systems Division includes an internationally active supplier in the cleaning industry.



Diethelm Travel Asia

With a history of five decades, Diethelm Travel Asia is the leading destination management provider in Southeast Asia. It is an independent operating unit since 2001. 661 employees in 9 countries.
CEO: John Watson.

STA Travel

STA Travel was established in Australia and the UK in the early 1970s and acquired by Edward Keller Ltd. in 1979. Today it is the world's largest travel company for students and young people, with 2,057 employees in 16 countries, as well as franchising and licensing partners in 74 further countries.
CEO: Richard B. Porter.



STA TRAVEL

DTA locations

Bhutan
Cambodia
China
India
Laos
Malaysia
Myanmar
Thailand
Vietnam

STA locations

330 signature travel agencies in
Australia
Austria
Denmark
Finland
Germany
Japan
Malaysia
New Zealand
Norway
Singapore
South Africa
Sweden
Switzerland
Thailand
United Kingdom
USA
Represented by franchising and licensing partners in 74 further countries.



Household Division

The Household Division unifies five companies and nine brands with innovative products in the areas of household, creative leisure activities, outdoor furniture and distribution of Nespresso coffee machines, Weber grills and consumer electronic brands.



Industrial Division

The Industrial Division encompasses four brands which manufacture top-quality aluminium products for the industrial and aircraft market, hospitals and educational institutions.



Diethelm
Keller
Aviation



Diethelm
Keller
Engineering







Asia's leading marketing, distribution and logistics group

2006 proved to be another excellent year for DKSH Holding Ltd. For the fifth consecutive year, the company reported double-digit growth in revenues and even higher profitability. Since 2002, DKSH has evolved from a trading house to a highly specialized provider of market expansion services. DKSH widened its pan-Asian network to India and New Zealand and opened new markets in Poland and Turkey.

DKSH Group: Key figures (Financial figures in CHF million)

	2006	2005	+/- %
Transaction value	8,127	7,454	+9
Net sales	5,863	5,045	+16
Assets	2,597	2,274	+14
Employees at year end	21,552	20,695	+4

DKSH Holding Ltd.

Dr. Joerg W. Wolle, President & CEO
Gonpo Tsering, Senior Executive Vice President Operations and Business Support
Stuart Davy, Executive Vice President Finance & Administration
Andreas Moelich, Executive Vice President Human Resources

Locations

Headquarters: Zürich
365 offices in 35 countries

Heads of business units

Consumer Goods: Niels J. Holm, Somboon Prasitjutrakul, Dr. Marcel Braun
Healthcare: Charles Toomey
Specialty Raw Materials: Eric Baden
Technology: Luke Mitchell

Board of Directors

Adrian T. Keller, Chairman
Christophe R. Gautier*/**, Vice Chairman
Dr. Jean-Pierre Blancpain* ¹
Jean-Daniel de Schaller**
Andreas W. Keller**
Dr. Rolf A. Meyer*
Beat Naef
Dr. Theo Siegert* ²
Dr. Joerg W. Wolle

* Member of Audit & Finance Committee

*¹ until July 2007

*² as of July 2007

** Member of Nomination & Compensation Committee

Profile

DKSH is an internationally active services group with a leading position in Asia, focusing on sourcing, marketing, logistics and distribution. Founded and deeply rooted in Asia, DKSH successfully bridges complex markets within and between Asia/Pacific, Europe and the Americas.

Market intelligence is the core competence of DKSH. A profound understanding of market conditions and product and application expertise are its trademarks. DKSH combines marketing and logistics skills and enhances them through unique networks established over a corporate history of one and a half centuries.

DKSH is a preferred partner for business expansion in new and demanding growth markets. The Group operates in 35 countries through a coordinated network of some 350 offices across Asia and another 15 units in Europe and the Americas. It employs over 21,500 specialized staff from over 40 nations.

Expanding the pan-Asian presence

In 2006, DKSH accelerated the already dynamic growth pattern of the previous five years. While the transaction value exceeded the CHF 8 billion threshold, net sales increased by 16.3% to CHF 5,863 million. Reflecting the expansion of all business activities, over 800 new jobs were created, bringing the total employment base to more than 21,500 staff.

To keep pace with the ever-increasing demand for both integrated pan-regional solutions and deep-penetrating market expertise, DKSH expanded its already considerable investment in its global hub for IT-driven processes and services centralized in Kuala Lumpur. DKSH IT is pioneering new industry standards of market information access and comparability. With the global Enterprise Resource Planning (ERP) template, which started in Malaysia in May 2006, DKSH makes comprehensive market information accessible in a standardized form. By early 2008, all countries with DKSH operations will be unified within the group-wide SAP system, allowing principals to access market intelligence relating to all business activities with DKSH in the entire region. DKSH is the only service provider in the region in a position to offer such market expertise.

DKSH maintains a lean head office of just 15 people. Recognizing the importance of a healthy balance between control and entrepreneurial freedom, the company reinforced group-wide business and financial controlling, both to optimize the development of the different business units by offering a broader range of services from Corporate Center, and to safeguard trust as the fundamental basis of any successful, lasting partnership.

DKSH also highly values in-house expertise, stable leadership and management continuity. In 2006, important vacancies were filled with outstanding in-house talent. At the same time superior know-how was brought in by exceptional individuals from outside the company. In 2006, Dr. Theo Siegert, former Chairman of the Managing Board of Franz Haniel & Cie., was elected to the Board of Directors.

In 2006, DKSH successfully consolidated and expanded its pan-Asian presence. Consumer Goods, the largest of the four business units, which commands shares between 30% and 70% of its respective markets, increased sales by 9.8% and strengthened its position as the clear industry leader. DKSH, the largest marketing, distribution and logistics outsourcing service provider for fast moving consumer goods with blanket coverage in Asia, services over 300,000 retail outlets. The business unit's Luxury & Lifestyle segment is recognized as a region-wide expert in proactively connecting with customers at the point of sale. As a means to expand its market share, Consumer Goods further enhanced its infrastructural network. A new logistics center in Longtan (Taiwan) and distribution centers in Thailand and Cambodia were opened. A new distribution center will open in the Netherlands.

The business unit Healthcare will also open a new distribution center in Thailand. The business unit faced severe problems arising from a joint venture with an important local player in the Philippines. Due to major differences with the majority shareholder and severe operating problems the joint venture was terminated. In this context, the leadership of the business unit was changed. Despite these problems, Healthcare increased sales by 26.3%.

The business unit Specialty Raw Materials generated a 9.1% rise in sales, while strongly increasing profitability. The long-term investments in DKSH's sourcing network and sales force continued to drive powerful growth. Specialty Raw Materials further expanded its global reach by opening up new markets in Poland and in Turkey. To manage the rapid growth of the sourcing and product development sector, the business unit was brought under a single leadership.

In 2006, the leadership team of the business unit Technology retired after many years of outstanding service. The business unit recorded an excellent year, with sales growing by 22.6%. In December, a joint venture with Cummins Inc., the leading manufacturer of power generation systems, further expanded the activities both in Thailand and in the fast growing markets of the Greater Mekong sub-region. Acquisitions were another source of dynamic growth. Through the purchase of PALSS, a respected Indian provider of specialized laboratory instruments,

Technology expanded its services in one of the world's fastest-growing economies. The acquisition of a leading Australian provider of analytical instruments, Pro-Tech, included a portfolio of premium suppliers. The year culminated with the opening of the business unit's first branch office in New Zealand, deepening the network in Asia Pacific.

Outlook

Since its creation in 2002, DKSH has evolved from a traditional trading house to a highly specialized services group. In these years, 8,500 new jobs were generated, the employment base grew by 48%, turnover expanded by 80%. By 2006, the challenge had become how best to communicate the essence of the company's identity and the breadth of its pan-regional services. With substantial input from suppliers and customers, DKSH is undertaking a branding exercise, which enables the company to better align its services with the needs and requirements of its partners. Helping companies grow their business in new and existing markets by providing a highly specialized combination of knowledge, advice, relationships and on-the-ground logistics, DKSH has developed into the leading market expansion company in Asia.

DKSH business units

Consumer Goods: Expanding the quality of life

The business unit Consumer Goods, Asia's leading marketing and high volume supply chain specialist, is focused on fast moving consumer goods, luxury goods, fashion and lifestyle products, and food services. Consumer Goods is reputed for accessing and growing markets, building brands and increasing brand equity. It provides a complete service package, from product feasibility studies and registration to importation, customs clearance, warehousing and sales, marketing and merchandising to physical distribution, invoicing, money collection and after-sales services. It offers complex supply chain solutions across the whole of Asia. Consumer Goods employs over 11,600 specialists in 268 locations across 19 countries and services over 300,000 retail outlets.

In 2006, Consumer Goods increased the transaction value to CHF 4,513 million. The global Enterprise Resource Planning (ERP) template roll-out was completed in Malaysia, Vietnam, Singapore, Taiwan and China. The logistics facilities and infrastructural capacity were renewed and expanded in several countries, among them Malaysia, China, and Thailand. Major new accounts were opened in all countries. In Thailand, where Consumer Goods services more than 80,000 retail outlets, a leading Thai market research agency was acquired.

The segment Luxury & Lifestyle made impressive progress. Along with its own Noble House multi-brand boutiques, Luxury & Lifestyle operates single-brand boutiques for selected clients. In 2006, the first Harry Winston watch boutique in China was opened in Shanghai. For Manufacture Roger Dubuis new watch boutiques were opened in Kuala Lumpur, Seoul and in Tokyo's most celebrated shopping promenade. Porsche Design boutiques came to Bangkok, Tokyo and Seoul. The segment entered a partnership with the Swiss skincare brand La Prairie, and concluded new agreements with a German hair care brand and a luxury skincare brand from the UK. The Premium Household Goods business line, which scored excellent results thanks to partnerships with international brands such as J.A. Henckels, Zyliss and William Levene, opened its first branch office in New Zealand. Under its licensing agreement with Levi Strauss & Co. of the US, the business unit opened new retail outlets and the first Levi's mega-store in Bangkok.

In 2007, in China and Macao, where hotel development is accelerating rapidly in the run-up to the 2008 Olympics in Beijing, the logistics facilities will be enhanced. Luxury & Lifestyle's main focus will be on expanding the portfolio of luxury watches, while also strengthening the presence in the fast-growing markets of China and Macau.

Healthcare: Bringing health to Asia

The business unit Healthcare is the leading outsourcing partner for healthcare commercialization in Asia, providing complete supply chain management solutions to over 150 suppliers in the pharmaceutical, consumer health and medical supplies industries. As a services provider, Healthcare is active in marketing and sales, wholesale/distribution and toll manufacturing. DKSH Healthcare possesses highly focused functional and channel expertise in the complex areas of registration, procurement, local and regional manufacturing, quality control as well as product distribution to the end user. Serving over 430,000 customers on a daily basis, the business unit supplies both medical and consumer channels with branded quality ethical and over-the-counter pharmaceuticals, consumer health products, diagnostics and medical equipment. Healthcare operates out of 124 offices across 13 countries throughout Asia, employing over 7,700 specialists. Complementing this vast network is DKSH's own pharmaceutical research and development company, Medinova Ltd., located in Switzerland, which facilitates in-licensing of pharmaceutical products.

In 2006, Healthcare grew in all three segments pharmaceutical, consumer health and medical supplies, increasing the transaction value by 16% to CHF 2,528 million, despite severe problems in the Philippines. These led to a change in the business unit's management structure and to the promotion of Charles Toomey to business unit manager. 53 new contracts across Asia were signed, inducing strong sales growth in Thailand, Taiwan, Vietnam and Singapore. China also performed very well in terms of profit generation. A new distribution center was opened in Cambodia. Healthcare expanded the distribution of Japanese consumer health and pharmaceutical products across South East Asia, and it launched the medicated skin and sun care products of the Swiss dermatological company Spirig in Thailand and Hong Kong.

In 2007, the implementation of the ERP project across all countries with Healthcare activities is expected to lead to operational improvements, allowing greater process consistency and new service enhancing tools, such as business warehouse information reports and rapid order entry solutions. Two new distribution centers opening in Thailand and Vietnam will add a further 30,000 square-meters of capacity to the logistics infrastructure, reinforcing the ability of Healthcare to provide clients with state-of-the-art facilities. Another primary area of the strategic focus is the further expansion of the ophthalmic business, extending the current presence in China, Thailand, Malaysia, Indonesia, Hong Kong, and Singapore to other Asian markets.

Specialty Raw Materials: Sourcing the global economy

The business unit Specialty Raw Materials, created in 2005 by integrating the two business units Food & Ingredients and Specialty & Life Science Chemicals, has considerably more market power than its predecessors combined. Specialty Raw Materials provides the chemical, pharmaceutical, food, beverage and personal care industries with premier raw materials from around the world. The core business activities range from sourcing, R&D, quality assurance, marketing, sales distribution, toll manufacturing brokerage to project management. The global sourcing network connects 15 sourcing offices across 12 countries. Operating out of 50 offices in 23 countries, the unit at year end employed 975 specialists.

In 2006, the transaction value was up 3.6% to CHF 544 million. Record results in Japan, Thailand and France, together with the turnaround of the US operations, made a substantial contribution. Sourcing services were extended to the Philippines, while a new sourcing office was added in Myanmar. Among a wealth of new contracts, the unit brought its range of conductive pastes and polymers to Europe for the manufacture of touch screens, keyboards and electro-luminescent lamps. Plant extracts and natural coloring from Japan, Chile and Switzerland were supplied to French and English cosmetics companies. New offices in Turkey and Poland were established. In France, aggressive investments in the development of new business resulted in over 250 new partnerships. Japan owes its very good result to its success in sourcing pharmaceutical ingredients in Europe, India and China to satisfy the booming demand in Japan's generic drug manufacture. In Thailand, strong sales growth was achieved with raw materials from European suppliers to enhance rubber and paint applications. Several new suppliers offering unique technologies and services for the local construction coating industry were acquired. The commanding position in Thailand's beverage industry was strengthened by importing novelty juice flavors and concentrates from Europe, Chile and Australia. Specialty Raw Materials came under common leadership for the first time, as Eric Baden, an industry specialist with over 15 years of experience in Asia, took over as business unit manager in January 2007.

In 2007, substantial investments are planned to further strengthen technical capabilities, both by establishing and upgrading the laboratories and innovation centers, and by the systematic training and specialization of the staff. Having established sourcing offices in Europe, the Americas and all across Asia, options are exploited to expand the sourcing network.

Technology: Solutions for tomorrow's challenges

The business unit Technology is a leading provider of solution-based technology products and services in the area of energy and power generation; transport, construction and mining; manufacturing and industry; instrumentation; printing, processing and packaging; and hospitality. As a global sourcing enterprise with a sales and distribution network covering the entire Asia/Pacific area, DKSH Technology offers state-of-the-art products and technologies and provides integrated service solutions, application engineering and project management, as well as customized technical and after sales services. Technology employs over 1,200 specialists in 20 countries and has 75 offices throughout Asia, Europe and the Americas.

In 2006, Technology reported an increase of the transaction value by 2.7% to CHF 531 million. Among the most significant developments was the acquisition of two leading life science and analytical instrumentation companies: PALSS in India, and Pro-Tech in Australia. In January 2007 the first branch office in New Zealand was opened. Technology made a strategic entry into the alternative energy markets by securing photovoltaic accounts in Taiwan and Europe and by expanding its research and its products and services. Japan, Thailand, Taiwan, Switzerland and Australia made the most substantial contributions to last year's results. The supply of packaging machines and printing equipment to Japan grew solidly. In Hong Kong, a contract with the city government to supply security equipment to 178 car parks was concluded. In China, the joint venture with Trumpf outperformed expectations. A sizeable production line order for photovoltaic cells was achieved in Taiwan, while sales of die-cast machines to the Korean automotive industry increased. In Singapore, sales to the printing industry expanded. Rising worldwide demand for titanium fuelled the expansion of the advanced metals and materials business. The unit supplies various industries in Europe with titanium and metal powders, tungsten alloys, nickel alloys, and titanium wire. – In a well-planned change of leadership, Luke Mitchell in July succeeded global managers Christoph Enderle and Walter Brenneis who retired after many years of distinguished service.

In 2007, Technology plans to deepen the strategic involvement in the fast-emerging alternative energy solutions and advanced materials markets, and to expand the distribution network. The steady enhancement of its global sourcing network will reinforce the ability to supply advanced materials across the globe.

A diversified portfolio of proprietary brands

In 2006, Diethelm Keller Brands (DKB) underwent a challenging transformation. The newly strengthened leadership team streamlined business processes and laid the foundations of a new DKB culture. The 2006 operating performance improved, as seven out of nine companies recorded markedly higher sales and earnings. The acquisition of William Levene, a UK market leader with strong global brands, significantly reinforced the international position of DKB Household in manual kitchen appliances.

DKB: Key figures (Financial figures in CHF million)

	2006	2005	+/- %
Revenues	326	337	-3
Employees at year end	1,063*	1,023	+4

Management Committee

Josef von Arx, Chief Executive Officer
Joe Piaz, Chief Financial Officer
Michel Bösiger, Human Resources

Managing Directors

Alexander Howden, DKB Household Ltd., Zürich (Switzerland)
Sanjay Choudhuri, Zyliss USA Corp., Irvine (USA)
Nick Cornwell, William Levene Ltd., Farnborough (UK)
Bill George, Delta Creative Inc., Whittier (USA)
Villy Nielsen, Gloster Furniture Ltd., Bristol (UK)
Peter Wyss, EDAK Ltd., Dachsen (Switzerland)
Chia Chee Seng, Diethelm Keller Aviation Pte Ltd., Singapore
David Lim, Diethelm Furniture Pte Ltd., Singapore
Chan Chee Pong, Diethelm Keller Engineering Pte Ltd., Singapore
Roland Fehlmann, Wetrok Ltd., Kloten (Switzerland)

Locations

Headquarters: Zürich (Switzerland)
10 companies in Switzerland, Germany, Austria, Singapore, Malaysia, United Kingdom and USA

Board of Directors

Andreas W. Keller, Chairman
Dr. Jean-Pierre Blancpain, Vice Chairman
Adrian T. Keller
Jean-Daniel de Schaller

* Includes 96 staff from newly acquired William Levene.

Profile

DKB holds a diversified portfolio of proprietary brand companies which are organized in three divisions: The Household division unifies brand companies in the areas of household, creative leisure activities and outdoor furniture. The Industrial division encompasses four companies which manufacture and market primarily aluminium based products. The Cleaning Systems division includes a globally active provider of professional cleaning systems.

2006: Focusing on the bottom line and on brand building through innovation

The operative performance of DKB in 2006 was good, as all companies with the exception of two achieved a marked increase of sales and earnings. The overall result was affected by the costs of downsizing Diethelm Keller Engineering (DKE) to a small curtain wall maintenance organization in 2007 and by the realignment of Delta Creative.

The Household division successfully united the three brands Turmix, Koenig and Zyliss by merging these companies as of April 1 into the newly founded DKB Household Ltd., Zürich, thereby re-establishing solid profitability. The acquisition of William Levene in December significantly strengthened the international positions of the Household division in manual kitchen appliances. The addition of brands such as Cole & Mason, Culinare, Ken Hom and Jamie Oliver Flavour Shaker™, which enjoy strong international market positions, provide an excellent platform for future growth. The changed market conditions required Delta Creative to outsource the manufacturing and to close its production facility by the end of March 2007.

In the Industrial division, EDAK contributed considerably with sales growing by 59% and improved profitability. Diethelm Furniture increased sales by 34% and achieved better profitability. Diethelm Keller Aviation had another year of solid performance in sales and profits.

In the Cleaning Systems division, Wetrok showed topline growth for the first time in three years and at the same time turned profitable.

Outlook: Growth through expansion and innovation

In 2007, DKB will continue to execute its strategy in the three divisions, with an increased focus on growth creation through accelerated innovations and improved geographical coverage. Operational efficiency will remain a priority. Specific emphasis will be given to the integration of William Levene's business into the Household division.



DKB's operating companies

DKB Household with its own brands Koenig, Turmix and Zyliss develops, sources and markets manual and electrical kitchen appliances as well as gas grills. Further strategic business fields are the distribution of Nespresso coffee machines, various brands of consumer electronics and Weber barbecues. Headquarters: Zürich, 124 employees.

In April 2006, Koenig-Apparate, Turmix and Zyliss merged into DKB Household Ltd. based in Zürich. DKB Household Ltd. acts as a leading household appliance player in the Swiss market. Germany and Austria are served with own subsidiaries while distributors are active in over 25 markets. The launch of the new Nespresso machine 'Le Cube' led to higher sales volume. For barbecue grills, DKB Household held its position as market leader in the upper end segment. In a highly competitive environment the unit Consumer Electronics with Denon reached a strong market position in the audio sector. Even though the new organization went through a tremendous change, the budget targets were met.

Zyliss USA creates unique kitchen products which deliver innovation and superior functionality. The brand defines its unique identity through the distinct characteristics of its products and the vibrant personality it displays through styling, materials, color and packaging. Headquarters: Irvine (California, USA), 19 employees.

In 2006, Zyliss USA further strengthened its position globally, with major growth on all continents, and double digit growth in key markets. The brand continues to expand and differentiate itself through the development of innovative products with smart engineering. The brand has a unified presentation worldwide, using colorful and descriptive packaging executed in multiple languages. This allows the brand to command premium prices in the household category, in spite of the intense competition and consolidation prevalent in the housewares industry.

Delta Creative is a leading manufacturer and distributor of arts, crafts and home décor products trading with top retailers and specialty stores. Headquarters: Whittier (California, USA), 104 employees.

In 2006, market consolidation and overall weakness in the North American craft retail sector adversely affected sales of Delta's core categories in acrylic paint and stencils. Further initiatives were taken to counter the downward sales trend. Delta invested into global expansion, cost control and quality assurance. Expansion into children's crafts and related products will deliver significant new sales and profits through existing customers while opening up new channels of distribution. These new channels target a growing demographic segment of high consumption customers with a larger base in children's activities.

Gloster The Gloster brand is most frequently associated with outdoor furniture made of plantation teak. In recent years, the company has diversified into alternative materials such as aluminium, sling, stainless steel and synthetic wicker. DKB holds 50% of the share capital of Gloster, which is one of the most recognized brands in quality outdoor furniture, with 25 product lines and over 300 products and a worldwide distribution network. Headquarters: Bristol (UK), 1,068 employees.

In 2006, Gloster managed to grow its business successfully and expand its position in virtually all markets. To reinforce its leadership and boost its presence in the upper market segment, the company broadened the range of products and launched a number of innovations, as well as three new product lines aimed at the very top segment of the market. In addition, Gloster USA acquired its own premises allowing all in-house activities to be performed in one location, thus providing for added creativity and efficiency, as well as starting production of its own cushions.

EDAK manufactures and distributes a wide range of aluminium and stainless steel products such as shock-resistant cargo containers, foamed special-cases, ladders, waste baskets, coat racks and transport carts. Production facilities are located in Dachsen (Switzerland) and Melbourne (Florida, USA). Headquarters in Dachsen, 158 employees.

In 2006, due to strong customer demand resulting in staff increases, the plant in Melbourne registered the highest production ever. In the USA and in Canada more dealers and representatives were hired. On the product side EDAK successfully launched an innovative air-conditioned cargo case designed for temperatures from -40°C to 55°C, which protects electronics effectively under most extreme climatic conditions.

Diethelm Keller Aviation (DKA) is one of the world's leading designers and manufacturers of airline food service equipment. The company is aerospace AS9100 certified, and currently holds many air-worthiness certifications from authorities worldwide. The company is an approved supplier to both Boeing and Airbus. Headquarters: Singapore, 194 employees.

In 2006, despite airlines' losses and slower passenger growth, DKA achieved record production and increased profitability. Also in spite of the persistently high aluminium prices, DKA managed to maintain its gross profit margins through cost cutting thanks to greater efficiency. The company expanded its capabilities in new cutting edge technology equipment and machines. Northwest Airlines, the world's fourth largest airline, was added to its list of customers. The signing of a 15-year supply contract for the Boeing 787 Dreamliner was a highlight of the year.

Diethelm Furniture develops, produces and distributes office furniture systems, workstation deskings, executive tables and conference solutions and commercial seating with value-added services like space-planning. Headquarters: Singapore, 53 employees.

The company has strengthened its position and continued to perform well in 2006. It enjoyed strong growth not only in sales and profitability, but also expanded the customer base and secured new corporate orders in Malaysia, Brunei and India. During the year, Diethelm Furniture's commitment to quality products was underlined by the certification of ANSI/BIFMA on all system products through the accreditation and recognition of TUV SUD PSB Corporation, an international regulatory body. The company has also strengthened business processes, broadened the product ranges and focused on its core strength which is sales and marketing activities.

Diethelm Keller Engineering (DKE) is a manufacturer of architectural products for the construction industry in Singapore, 38 employees.

In 2006, DKE had to tackle further serious problems in the context of the restructuring of the architectural products business. Despite all efforts to move the business onto a solid track, the expected break even result could not be achieved. Therefore, DKE will be downsized to a façade maintenance organization in 2007.

Wetrok develops, manufactures and trades industrial cleaning equipment and provides total cleaning system solutions. The company has a strong presence in key European and several overseas markets. Headquarters in Kloten (Switzerland), 254 employees.

In 2006, Wetrok streamlined its activities focusing on innovative, value adding solutions in key markets and selected trades. The introduction of the Sprinter XR-Series, the newest ride-on scrubber-dryer of Wetrok for economically cleaning large open spaces, proved to be a great step into the future: in a major deal of the year 250 Sprinters were sold to ASDA in the UK, which is a testimony of the quality of this product as well as Wetrok's contribution to increase the productivity of its customers. Furthermore, three new systems were launched: Stone System (to clean different stone floors and maintain their quality), Quick System (one-way cleaning system to save time, money and to optimize the hygienic standard) and Dosage System (safe and quick dosage measuring guaranteed).



A travel industry leader in Southeast Asia

Tourism in Southeast Asia developed strongly in 2006, and Diethelm Travel Asia (DTA) used all opportunities to grow its operations throughout its extensive network of eight destinations. As the highlight of 2006 Diethelm Travel Thailand won the prestigious award 'Asia's Leading Tour Operator' at the World Travel Awards – the Oscars of the travel industry. During 2007 DTA will open a new operation in India.

Profile

With 50 years of experience in providing quality travel services in Asia, DTA is respected as a highly professional organization, evolving to become one of the leading travel operators in the region with agencies in nine countries, serving tourists from more than 80 countries. DTA is also active in the convention and conference business. DTA's combination of Asian understanding and Western expertise has enabled the company to maintain a high level of transparency and quality that is reflected in all aspects of its operations and dealings with clients and suppliers. Through dedicated, professional, multilingual staff, DTA will continue to develop its travel skills and service levels.

2006: Progress on all fronts

Thailand continues to be DTA's largest operation. Bangkok, Chiang Mai, and the resort areas registered an ever-growing stream of visitors. The military coup in September caused a blip in bookings, but that soon passed. Diethelm Travel Thailand closed the year in fine shape and benefited greatly from the worldwide exposure given to the 60 year celebrations of His Majesty the King's accession to the throne.

Diethelm Travel Malaysia recorded a successful year with a substantial increase in turnover and profit. The relatively new convention center in Kuala Lumpur helped to generate strong interest. Diethelm Travel Asia's newest inbound venture, Bhutan, had an excellent year. With over 17,000 tourists arriving, Diethelm Travel Bhutan secured a healthy market share. Steadily increasing arrival figures confirmed the upward trend of Cambodia as a growing tourism destination.

Diethelm Travel China made an excellent contribution to the bottom line and enjoyed a healthy increase in the number of clients. In addition to Yunnan, a second office in Beijing was opened at the end of 2006 in line with the strategy of servicing the whole China inbound market. A major win for the China operation was being selected to arrange the ground-handling for the China brochure of a Swiss travel organization.

The operation in Laos had a record number of arrivals in 2006. New direct flights link the former Royal City Luang Prabang to Cambodia and Hanoi, and a route from Bangkok to Pakse is planned. Diethelm Travel Myanmar experienced strong growth. Diethelm Travel Vietnam enjoyed the benefits of high demand and strong interest in Vietnam which continues to be a fashionable destination.

DTA: Key figures

(Financial figures in CHF million)

	2006	2005	+/- %
Revenues	123	108	+14
Employees at year end	661	656	+1

Management Committee

John Watson, Chief Executive Officer
Richard Brouwer, Chief Operating Officer
David Gostling, Chief Financial Officer

Locations

Headquarters: Bangkok (Thailand)
Offices: Bhutan, Cambodia, India, China, Laos, Malaysia, Myanmar, Thailand, Vietnam

Board of Directors

Adrian T. Keller, Chairman
Dr. Jean-Pierre Blancpain, Vice Chairman
Stuart Davy

Diethelm Events continued to grow. Aside from serving DKSH Thailand during the celebration of Diethelm's 100 years in Thailand, Events managed a 900-delegate conference from Australia which was recognized as the largest and most successful corporate event of Laguna Phuket Resort in 2006. Diethelm Events grew its regional events capability, with the largest growth coming from Malaysia.

In its second full year of operation, Diethelm VIP Travel enjoyed substantial growth. Diethelm Business Travel had a good year despite operating in a highly competitive market. Business Travel Thailand was awarded the prestigious 'Gold Plate' status with the Amadeus reservations system and 'No. 1 Top Producing Agency' for Swiss in Thailand.

Outlook

The outlook for 2007 is positive for the region. DTA will open Diethelm Travel India in 2007 in response to customer demand. Other countries will be considered in due course in line with the strategic aim to have a wider footprint in Asia.

The world's largest travel company for students and young people

The student and youth sector – with young people purchasing 20% of all journeys – is a growing segment in the global retail travel industry. In 2006 STA Travel, responding to major structural market changes, continued its restructuring efforts. While investing heavily in technology and streamlining its branch network, the company lost some of its market share but strengthened the foundations for future profitable growth.

STA Travel: Key figures*

(Financial figures in CHF million)

	2006	2005	+/- %
Transaction value	1,483	1,542	-4
Revenues	193	215	-10
Employees at year end	2,057	2,358	-13

Management Committee

Richard B. Porter, Chief Executive Officer
Peter Liney, Chief Operating Officer
Jill Robinson, Chief Financial Officer

Locations

Headquarters: Singapore and London (UK)
330 travel agencies in 16 countries, as well as franchising and licensing partners in another 74 countries

Board of Directors

Andreas W. Keller, Chairman
Jean-Daniel de Schaller, Vice Chairman
Markus Braun
Joe Piaz
Richard B. Porter
Choo Teck Wong

* In 2006, STA Travel sold tickets and other services to over 2.5 million passengers representing more than 6 million customer transactions. This generated a transaction value with airlines and other partners of almost CHF 1.5 billion. However, pursuant to International Financial Reporting Standards (IFRS), only the commissions earned on these transactions are recognized as revenues.

Profile

STA Travel, established in Australia and the UK in the early 1970s, is the world's largest specialist in the student and youth retail travel sector. STA Travel maintains a global distribution network spanning 90 countries and using a mix of channels including walk-in branches, call centers, franchises and licensed partners. A growing business share is handled through the Internet. STA Travel enjoys a high profile with the target market, owing to a large part to its employees who provide unique peer-to-peer advice to customers. Just as important is the understanding that the middleman in travel can only continue to exist by creating value for customers and suppliers alike; and this requires a clear positioning in the value chain.

2006: Major change and challenges

In 2006, STA Travel struggled to restructure its business model and to adjust its organization to the changing market requirements. STA Travel faced essentially two major challenges: On the one hand the ongoing commoditization by airline suppliers who with direct offers into the marketplace undercut the earnings potential of agencies and put pressure on margins, and on the other hand the rapidly increasing number of online bookings taking a growing share of total sales.

Accordingly, the major restructuring initiatives aimed at implementing a new IT platform focused on accommodating changing booking habits and better presenting the product range to the target market while at the same time reducing costs. Consequently, while 45 travel agencies with low productivity were closed, the delivery of a new Internet tool as a global platform for the on-line travel offerings of STA Travel increased the marketing capacities and had a major impact on the volumes sold through the Internet by branches and call centers. Furthermore, the '1View technology,' the new global online-booking system to be introduced in all STA branches, was implemented in Australia, New Zealand and the UK late in 2006 and immediately showed its potential for productivity and value gain.

Outlook

The major theme of 2007 is to grow sales volume and margin while strongly containing costs, leading to better results. The '1View system' will be implemented in the USA and Central Europe while Australia, New Zealand and UK are bound to reap the benefits from their systems. Expanded and better focused products offerings as well as a new financial control environment are to contribute to regaining ground lost in a difficult 2006.



Addresses

Diethelm Keller Holding Ltd.

Mühlebachstrasse 20
CH-8008 Zürich
Switzerland

Postal address:

P. O. Box 1824
CH-8032 Zürich

T +41 44 265 33 00
F +41 44 265 33 99
www.diethelmkeller.com
info@diethelmkeller.com

DKSH Holding Ltd.

Wiesenstrasse 8
CH-8008 Zürich
Switzerland

Postal address:

P. O. Box 888
CH-8034 Zürich

T +41 44 386 72 72
F +41 44 386 72 82
www.dksh.com
info@dksh.com

Diethelm Keller Brands Ltd.

Mühlebachstrasse 20
CH-8008 Zürich
Switzerland

Postal address:

P. O. Box 1824
CH-8032 Zürich

T +41 43 268 86 86
F +41 43 268 86 99
www.dkbrands.com
info@dkbrands.com

Diethelm Travel Asia Ltd.

12th Floor, Kian Gwan Building II
140/1 Wireless Road
Lumpinee, Pathumwan
Bangkok 10330
Thailand

T +66 2 251-5398 or +66 2 256 0220-2
F +66 2 251-5305
www.diethelmtravel.com
enquiry@diethelmtravel.com

STA Travel (Holding) Pte Ltd.

76 Tanjong Pagar Road
Singapore 088497

STA Travel Group
161 Drury Lane
London WC2B 5 PN
United Kingdom

T +44 207 440 8000
F +44 207 440 8190
www.statravelgroup.com
enquiry@statravelgroup.com

Credits:

Concept and copy:
Helmut Reincke, Au (Zürich)
Peter Fenkart, Zollikon (Zürich)

Design:
Gottschalk+Ash Int'l (Zürich)

Typesetting, separations
and printing:
Neidhart+Schön Group
(Zürich)

Photos: Nadja Tempest (Zürich)

Diethelm Keller Holding Ltd.
Mühlebachstrasse 20
CH-8008 Zürich
Switzerland

Postal address:
P.O. Box 1824
CH-8032 Zürich

T +41 44 265 33 00
F +41 44 265 33 99
www.diethelmkeller.com
info@diethelmkeller.com