

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
[formerly known as Diethelm Holdings (Malaysia) Berhad]
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 September 2008.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(I) Compliance with FRS 134: Interim Financial Reporting

1. Accounting Policies and Basis of Preparation

The unaudited condensed interim financial statements for the 3rd quarter and the financial period ended 30 September 2008 have been prepared in accordance with the FRS134 (Interim Financial Reporting) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2007.

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2007.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007.

3. Disclosure of Audit Report Qualification and Status of Matters Raised

The auditors' report on the financial statements of the Group for the year ended 31 December 2007 was not qualified.

4. Seasonal or Cyclical Factors

The Group's principal activities are the distribution of fast moving consumer and healthcare products. Consequently, sales and contributions are influenced by the festive seasons of Hari Raya, Christmas, Chinese New Year and Deepavali.

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

Except for the restructuring charge of RM11.7 million incurred as at 30 June 2008, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows.

6. Material Changes in Estimates

The Company has not made any material estimates.

7. Changes in Debt and Equity Securities

There were no changes in debt and equity securities during the quarter under review.

8. Dividend Paid

The final dividend of 3 sen per ordinary share of RM1 each, less 26% tax, for the year ended 31 December 2007 (year ended 31 December 2006 : 3 sen per ordinary share of RM1 each, less 27% tax) was paid on 13 August 2008.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
 [formerly known as Diethelm Holdings (Malaysia) Berhad]
 (Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 September 2008.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Segment Information

The Group's segmental information for the financial quarters ended 30 September 2008 and 30 September 2007 is presented separately in the file '3Q2008-BursaM-Segmental' attached together with this package.

10. Valuation of Property, Plant and Equipment

Property, plant and equipment, which are stated at revalued amounts, have been brought forward without amendment from the previous annual financial statements.

11. Material Events Subsequent to the end of Financial Period

There were no material events subsequent to the end of the period reported and that have not been reflected in the financial statements for the quarter ended 30 September 2008.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter.

13. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the quarter ended 30 September 2008 and up to 25 November 2008.

14. Capital Commitments

Authorised capital commitments not provided for in this interim financial report as at 30 September 2008 are as follows:

	RM'000
Contracted	1,966
Not contracted	-
	<hr/>
	1,966
	<hr/> <hr/>
Analysed as follows:	
- Property, plant and equipment	1,966
	<hr/> <hr/>

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
[formerly known as Diethelm Holdings (Malaysia) Berhad]
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 September 2008.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD – 3RD QUARTER ENDED 30 SEPTEMBER 2008

(II) Compliance with Appendix 9B of the Listing Requirements

1. Review of performance

In the last four releases, the company briefed the shareholders on the progress of a major restructuring exercise started in the first quarter 2008. The clear goal was to improve profitability by significantly reducing cost and improving efficiency after the unsatisfactory performance in 2007 and provisions amounting to RM11.7 million were taken in the first quarter for the necessary staff reductions.

The effectiveness of these measures should have shown in the second quarter of 2008, however, this was not the case. Second quarter profit after tax only amounted to RM0.2 million. Principal reasons were the slower than planned staff reductions, increase in market hygiene problems from returns from the trade, general cost increases, notably for transportation, and slower than expected sales. Based on this unsatisfactory performance, the Company decided on some changes to the management and this was announced in September 2008.

The new management now has the task of achieving the required performance improvements, notably in the area of Fast Moving Consumer Goods. In support of this, it has also commissioned an international strategy consultancy firm to assess the situation and to draw up a road-map to recovery.

Group sales in the third quarter amounted to RM924 million, an increase of 2.8% over the same quarter in 2007 and of 0.6% compared to the immediately preceding second quarter 2008. Both the third quarter 2007 and the third quarter 2008 reflect the sales of Texchem Consumers Sdn Bhd, which was acquired on 1 June 2007. Cumulative sales after nine months reached RM2,749 million, 10.1% up from the nine months in 2007. Without consideration of the acquisition of Texchem Consumers Sdn Bhd in 2007, the growth rate would have been 8.4%.

In the third quarter 2008, the Group achieved an operational profit of RM9.2 million which constitutes almost the entire cumulative operational profit of RM9.7 million. Continued high financing expenses reduce this for the quarter to a profit before tax of RM4.5 million or cumulatively to a reduced loss before tax of RM4.9 million after consideration of over RM11 million of restructuring charges.

Comments to the Performance of the Business Segments

Trading and Logistics Segment

The largest segment, Trading and Logistics, reported quarterly sales of RM904 million which represent an increase of 2.9% from the third quarter 2007 and of 0.4% from the preceding second quarter 2008. Cumulative sales reached RM2,696 million, a growth of 10.2% from the nine months in 2007. Again, without consideration of Texchem Consumers Sdn Bhd, acquired on 1 June 2007, the underlying growth rate would have been 8.5%. The cumulative segmental

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
[formerly known as Diethelm Holdings (Malaysia) Berhad]
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 September 2008.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

contribution was RM5.5 million, reversing the loss reported in the previous two quarters.

Sales performance was below expectations because of a generally weaker demand and the separation of a number of agencies in the nine months of 2008. Furthermore, the sales growth was also driven by lower margin products. Again, as already outlined in previous releases, the still strong increases are driven by price increases and not volumes reflecting the passing on of higher raw material prices to the consumers.

The principal focus of the restructuring of DKSH Holdings (Malaysia) Berhad is on this segment, the Fast Moving Consumer Goods group. The results shown in the third quarter have brought a significant improvement, however, unfortunately, below the expectations of the early projections.

Chemicals Segment

The Chemicals segment, now the smallest of the three, achieved sales of RM9.3 million in the third quarter 2008, representing a decline of 17.5% compared to the same period last year but also a growth of 7.4% from the immediately preceding second quarter 2008. Cumulative sales were at RM25.8 million, a reduction of 4.4% from the nine months in 2007. However, segmental results are ahead from last year. The demand for raw materials in the domestic market remained fairly level during the quarter but the traditional annual pre-festive spike did not materialise. Orders for supplies in the livestock industry remained soft because of lower market prices with supply exceeding demand. Positive developments were from the Specialty Chemical and the Personal care industries. In the fourth quarter, a leveling in demand is expected for materials in major industry segments in the country. There are already observable signs of slowdown in the construction and petrochemical industries.

Food Segment

The Food segment reported sales of RM10.2 million in the traditionally stronger third quarter because of Hari Raya. This represents an increase of 17.3% over the same period last year and a growth of 22% over the weaker second quarter. The cumulative segmental contribution improved by 40% from the nine months of 2007 to RM3.7 million.

Principal businesses in this segment are The Famous Amos Chocolate Chip Cookie Corporation (M) Sdn Bhd chain and the niche Food Ingredients range. Both have progressed well this year and with the strongest fourth quarter just ahead, it is again expected that they report outstanding results.

2. Material Changes in Profit before Taxation for the Current Quarter as compared with the Immediate Preceding Quarter

The third quarter of a year traditionally improves on the weaker second quarter because of the onset of festive seasons.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
 [formerly known as Diethelm Holdings (Malaysia) Berhad]
 (Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 September 2008.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Prospects

The performance in 2007 had not met expectations and a comprehensive restructuring programme was implemented on 1 January 2008. It fundamentally changes the business approach of major parts of the Trading and Logistics segment, the largest unit of the Group. The restructuring costs were recognised in the first quarter of 2008, which consequently showed a substantial loss. The second and third quarters did not produce the expected strong improvement in the results because of a number of factors explained above. Consequently, the Group now expects that the full year 2008 results will fall short of the 2007 performance and the benefits of the restructuring will only start to materialise in 2009.

4. Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee for the year.

5. Taxation

	Qtr Ended 30 September		YTD Qtr Ended 30 September	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current year	1,893	2,971	4,707	5,322
Deferred tax	917	(345)	(223)	363
	<u>2,810</u>	<u>2,626</u>	<u>4,484</u>	<u>5,685</u>

6. Profits/(Losses) on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties during the financial quarter.

7. Quoted Securities other than Securities in Existing Subsidiary and Associated Companies

There were no purchases or disposals of quoted and marketable securities during the financial quarter.

8. Status of Corporate Proposals Announced

On 4 April 2008, AmInvestment Bank Berhad announced on behalf of DKSH Holdings (Malaysia) Berhad that the Securities Commission had approved the extension of time of twelve months from 19 November 2007 to 19 November 2008 for the Company to comply with the Securities Commission's Condition of allocating 30% of the Restricted Shares to Bumiputera investors within 2 years after the completion of the Restricted Issue of 75 million new ordinary shares of RM1.00 each.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
 [formerly known as Diethelm Holdings (Malaysia) Berhad]
 (Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 September 2008.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On 22 April 2008, the Company announced its intention to seek the shareholders' approval to renew the mandate for recurrent related party transactions of a revenue or trading nature with DKSH Corporate Shared Services Center Sdn Bhd at the Sixteenth Annual General Meeting. The shareholders' approval was obtained at the Sixteenth Annual General Meeting held on 12 June 2008.

On 30 October 2008, the Company announced its intention to seek the shareholders' approval for the Proposed Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature with DKSH Field Marketing Sdn Bhd (formerly known as XFactor FMS Sdn Bhd) at the Extraordinary General Meeting to be convened on 3 December 2008.

9. Group Borrowings and Debt Securities

Short Term Borrowings

Unsecured and fully denominated in Ringgit Malaysia:

	RM'000
Bankers' acceptances	216,400
Promissory notes	18,058
Bank overdraft	1,405
	<u>235,863</u>

Long Term Borrowings

Unsecured and fully denominated in Ringgit Malaysia:

	RM'000
Fixed rate term loan	130,000
Advances from holding companies	47,512
	<u>177,512</u>

10. Off Balance Sheet Financial Instruments
Hedging Instruments

As at 25 November 2008, the Group has entered into the following foreign exchange forward contracts to hedge its purchases in foreign currencies:

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
 [formerly known as Diethelm Holdings (Malaysia) Berhad]
 (Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 September 2008.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Currency	Contract amount in FCY'000	Date of contract	Value date of contract	Equivalent value in RM'000
US Dollar	7,605	22.08.08 - 18.11.08	26.11.08 - 16.03.09	26,490
Swiss Franc	951	12.09.08 - 14.11.08	26.11.08 - 20.08.09	2,918
Singapore Dollar	743	22.08.08 - 14.11.08	26.11.08 - 30.01.09	1,791
Euro	449	12.09.08 - 29.10.08	26.11.08 - 30.01.09	2,110
Australian Dollar	290	10.10.08 - 29.10.08	26.11.08 - 30.01.09	681
Sterling Pound	54	10.10.08 - 14.11.08	26.11.08 - 31.03.09	304
Total				34,294

Foreign currency transactions in Group companies are accounted for at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date, unless hedged by forward foreign exchange contracts when the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

Future liabilities in foreign currencies are covered by forward-purchased currencies from reputable banks when their amounts and due dates are known. Forward hedges are exclusively used for bona-fide and documented trade transactions and not for speculative purposes in line with the DKSH Group's policy. The Group does not foresee any significant credit and market risks.

11. Changes in Material Litigation

There is no change in material litigation since the last financial year ended 31 December 2007 and up to 25 November 2008.

12. Dividend Proposed or Declared

No interim dividend has been declared by the Board of Directors. A final dividend of 3 sen gross per ordinary share for the year ended 31 December 2007 was approved by the shareholders at the 16th Annual General Meeting of the Company on 12 June 2008 and was subsequently paid to the shareholders on 13 August 2008.

13. Earnings Per Share

- (a) The earning/(loss) used as the numerator in calculating basic and diluted earnings per share for the current quarter and current year-to-date are RM451,000 and (RM12,228,000).
- (b) The weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share is 157,658,076.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
[formerly known as Diethelm Holdings (Malaysia) Berhad]
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 September 2008
The figures have not been audited and are to be read in conjunction with the 2007 annual report.

SEGMENTAL INFORMATION

	<u>Trading &</u>			<u>Consolidated</u> RM'000
	<u>Logistics</u> RM'000	<u>Chemicals</u> RM'000	<u>Food</u> RM'000	
For the Period Ended 30 September 2008				
Revenue				
Total Revenue	2,696,069	25,804	27,519	2,749,392
Results				
Segment result	5,475	524	3,652	9,651
Finance cost				(14,582)
Loss from ordinary activities before tax				(4,931)
Tax				(4,484)
Loss from ordinary activities after tax				(9,415)
Minority interest				(2,813)
Net loss for the year				(12,228)
At 30 September 2008				
Other Information				
Segment assets	1,057,426	14,532	9,060	1,081,018
Unallocated assets				130,206
Total assets				1,211,224
Segment liabilities	(534,175)	(2,736)	(1,400)	(538,311)
Unallocated liabilities				(527,707)
Total liabilities				(1,066,018)
Capital expenditure	3,187	-	503	3,690
Depreciation	(8,812)	(116)	(491)	(9,419)

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
[formerly known as Diethelm Holdings (Malaysia) Berhad]
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 September 2007
The figures have not been audited and are to be read in conjunction with the 2007 annual report.

SEGMENTAL INFORMATION

	<u>Trading &</u>			<u>Consolidated</u> RM'000
	<u>For the Period Ended 30 September 2007</u>	<u>Logistics</u> RM'000	<u>Chemicals</u> RM'000	
Revenue				
Total Revenue	2,446,604	26,994	24,035	2,497,633
Results				
Segment result	21,809	(1,404)	2,565	22,970
Finance cost				(14,167)
Profit from ordinary activities before tax				8,803
Tax				(5,685)
Profit from ordinary activities after tax				3,118
Minority interest				(2,545)
Net profit for the year				573
At 30 September 2007				
Other Information				
Segment assets	1,072,046	16,117	8,673	1,096,836
Unallocated assets				121,673
Total assets				1,218,509
Segment liabilities	(489,779)	(2,943)	(1,690)	(494,412)
Unallocated liabilities				(565,463)
Total liabilities				(1,059,875)
Capital expenditure	3,615	-	260	3,875
Depreciation	(7,798)	(153)	(457)	(8,408)