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 June 2009.

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 2nd quarter and the financial period ended 30 June 2009 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 2008.

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 2008.

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 2008.

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 2008 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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the quarter under review.

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

No dividend was paid in the quarter ended 30 June 2009.

9. Segment Information

The Group's segmental information for the financial quarters ended 30 June 2009 and 30 June 2008 is presented separately in the file '2Q2009-BursaM-Segmental' attached together with this package.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 June 2009.

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 June 2009 and up to 21 August 2009.

14. Capital Commitments

Authorised capital commitments not provided for in this interim financial report as at 30 June 2009 are as follows:

	RM'000
Contracted	300
Not contracted	-
	300
Analysed as follows:	
- Property, plant and equipment	300

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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD – 2nd QUARTER ENDED 30 JUNE 2009

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

1. Review of performance

Sales in the second quarter 2009 amounted to RM 872 million which were 5.1% below the same quarter in 2008 and 3.2% below the immediately preceding first quarter 2009. Cumulative sales after six months reached RM 1,772 million, which is 2.9% below the same period last year. These lower sales figures are the result of more difficult economic conditions and the departure of agencies in 2008.

The Group profit before tax after six months amounted to RM 8.7 million in comparison to last year's loss before tax of RM 9.4 million, which had been affected by a charge for the restructuring exercise in the Consumer Goods area of the Trading and Logistics segment. This positive development reflects the operational changes initiated since the last quarter 2008.

In the previous release, the Group had also reflected on the balance sheet improvements achieved in the first quarter. This positive trend has continued in the second quarter with a further small reduction of the net current assets.

Comments to the Performance of the Business Segments

Trading and Logistics Segment

The largest unit of the Group, the Trading and Logistics segment, achieved sales of RM 857 million in the second quarter 2009, 4.9% behind the RM 901 million reported for the second quarter 2008 and RM 28 million or 3.2% below the immediately preceding first quarter 2009. In the first quarter 2009, sales had remained relatively strong because of festive demand, however, the second quarter reflects volume reductions, a consequence of agencies which left the Group. Cumulative sales amounted to RM 1,742 million, a drop of 2.8% from the six months in 2008.

While the segment achieved lower sales because of the above explained reasons, the contribution increased from a loss of RM 2.1 million in the second quarter 2008 to a profit of RM 13.4 million in 2009.

In previous releases, the Group had explained its focus on the fast moving consumer goods unit of this segment, which had been the central issue for the poor performance over the last few years. Substantial efforts were invested in stabilizing this business, in tightening processes, and in developing a new business concept to leverage our unique market position. The progress of this work is reflected in the segmental contribution improvement. The new 'road-map' is now in place. The required operational and organizational changes were communicated to the staff in July and the implementation is scheduled for August 2009.

Chemicals Segment

The Chemicals segment remains behind the performance of last year because of its direct exposure to the general economic slowdown. As in the first quarter, second quarter 2009 sales amounted again to RM 5.9 million, which is 31% behind the same period in 2008. Cumulative sales reached RM 11.8 million, a drop of 29% from the six months in 2008. However, despite these lower sales, the segmental contribution came to RM 0.4 million, almost on the same level as after six months in 2008.

As outlined in the last release, of all businesses of DKSH Holdings, the Chemicals segment is most exposed to the more difficult economic conditions because it supplies to the exporting Malaysian industry which is affected by the slump in international trade. Without a clear indication of improvements to date, the Segment is cutting expenses and focusing on improved customer service.

Food Segment

The Food segment continued ahead of last year's performance. Second quarter sales amounted to RM 8.7 million, an improvement of 3.5% over the corresponding second quarter 2008 but also a drop of 7.9% from the immediately preceding 1st quarter 2009 because there was no festive demand from March to June which are of particular importance to the main business, the Famous Amos Chocolate Chip Cookie chain. Cumulative sales reached RM 18.1 million, an increase of 4.3% over the six months of 2008.

The segmental result of RM 2.1 million is 3.1% below the results of one year ago and this reflects the cost of setting up an information technology system needed for the further expansion of the chain.

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

The third and fourth quarters traditionally show the strongest performance in a year and generate the bulk of the contribution.

3. Prospects

The Group remains cautious despite the satisfactory first half results which show improvements over 2008.

However, sales are now expected to show a drop against the performance of the last year because of the departed agencies, limited new businesses, and the generally more difficult economic conditions. In addition, margin pressure will increase and this can only be offset by cost cuts.

As previously explained, the focus in 2009 will be on improvements to the management of inventory and receivables in order to minimise the risks inherent in these areas.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 June 2009	Qtr Ended 30 June 2008	YTD Qtr Ended 30 June 2009	YTD Qtr Ended 30 June 2008
	RM'000	RM'000	RM'000	RM'000
Current year	1,678	1,671	2,867	2,814
Deferred tax	(251)	(1,684)	172	(1,140)
	1,427	(13)	3,039	1,674

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 12 May 2009, 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 Corporate Shared Services Center Sdn Bhd and DKSH Field Marketing Sdn Bhd (formerly known as XFactor FMS Sdn Bhd) at the Seventeenth Annual General Meeting. The shareholders' approval was obtained at the Seventeenth Annual General Meeting held on 18 June 2009.

9. Group Borrowings and Debt Securities

Short Term Borrowings

Unsecured and fully denominated in Ringgit Malaysia:

	RM'000
Bankers' acceptances	108,418
Promissory notes	21,694
Term loan due within 12 months	86,667
	216,779

Long Term Borrowings

Unsecured and fully denominated in Ringgit Malaysia:

	RM'000
Fixed rate term loan	8,333
Advances from holding companies	47,182
	55,515

10. Off Balance Sheet Financial Instruments
Hedging Instruments

As at 21 August 2009, the Group has entered into the following foreign exchange forward contracts to hedge its purchases in foreign currencies:

Currency	Contract amount in FCY'000	Date of contract	Value date of contract	Equivalent value in RM'000
US Dollar	6,840	10.02.09 – 06.08.09	24.08.09 – 05.02.10	24,725
Swiss Franc	817	03.11.08 – 23.07.09	24.08.09 – 02.12.09	2,590
Singapore Dollar	419	31.03.09 – 04.08.09	24.08.09 – 02.12.09	1,030
Euro	847	29.05.09 – 04.08.09	24.08.09 – 02.12.09	4,231
Australian Dollar	268	29.05.09 – 04.08.09	24.08.09 – 02.12.09	820
Sterling Pound	26	10.10.08 – 04.08.09	24.08.09 – 02.12.09	156
Total				**33,552**

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 2008 and up to 21 August 2009.

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 2008 was approved by the shareholders at the Seventeenth Annual General Meeting of the Company on 18 June 2009 and was subsequently paid to shareholders on 19 August 2009.

13. Earnings Per Share

(a) The earning used as the numerator in calculating basic and diluted earnings per share for the current quarter and current year-to-date are RM3,536,000 and RM4,437,000.

(b) The weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share is 157,658,076.

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SEGMENTAL INFORMATION

For the Period Ended 30 June 2009	Trading & Logistics	Chemicals	Food	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue				
Total Revenue	1,742,254	11,810	18,061	1,772,125
Results				
Segment result	13,400	388	2,111	15,899
Finance cost				(7,182)
Profit from ordinary activities before tax				8,717
Tax				(3,039)
Profit from ordinary activities after tax				5,678
Minority interest				(1,241)
Net Profit for the period				4,437
At 30 June 2009				
Other Information				
Segment assets	900,341	7,934	7,278	915,553
Unallocated assets				141,914
Total assets				1,057,467
Segment liabilities	(519,981)	(2,062)	(754)	(522,797)
Unallocated liabilities				(375,751)
Total liabilities				(898,548)
Capital expenditure	847	-	348	1,195
Depreciation	(4,887)	(65)	(348)	(5,300)

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SEGMENTAL INFORMATION

For the Period Ended 30 June 2008	Trading & Logistics	Chemicals	Food	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue				
Total Revenue	1,791,691	16,532	17,312	1,825,535
Results				
Segment result	(2,115)	397	2,178	460
Finance cost				(9,853)
Profit from ordinary activities before tax				(9,393)
Tax				(1,674)
Profit from ordinary activities after tax				(11,067)
Minority interest				(1,612)
Net profit for the period				(12,679)
At 30 June 2008				
Other Information				
Segment assets	1,007,461	13,743	8,011	1,029,215
Unallocated assets				133,894
Total assets				1,163,109
Segment liabilities	(467,075)	(3,407)	(861)	(471,343)
Unallocated liabilities				(548,212)
Total liabilities				(1,019,555)
Capital expenditure	2,743	-	452	3,195
Depreciation	(6,115)	(79)	(339)	(6,533)