

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 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 3rd quarter and the financial period ended 30 September 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

The final dividend of 3 sen per ordinary share of RM1 each, less 25% tax, for the year ended 31 December 2008 (year ended 31 December 2007 : 3 sen per ordinary shares of RM1 each, less 26% tax) was paid on 19 August 2009.

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9. Segment Information

The Group's segmental information for the financial quarters ended 30 September 2009 and 30 September 2008 is presented separately in the file '3Q2009-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 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 September 2009 and up to 23 November 2009.

14. Capital Commitments

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

| | <u>RM'000</u> |
|---------------------------------|---|
| Contracted | 441 |
| Not contracted | - |
| | <hr style="width: 100%;"/> |
| | 441 |
| | <hr style="width: 100%;"/> |
| Analysed as follows: | |
| - Property, plant and equipment | <hr style="width: 100%;"/> 441 <hr style="width: 100%;"/> |

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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD – 3RD QUARTER ENDED 30 SEPTEMBER 2009

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

1. Review of performance

Sales in the third quarter 2009 amounted to RM 907 million, which were 1.9% below the same quarter in 2008 and 4.0% above the immediately preceding second quarter 2009. Cumulative sales after nine months reached RM 2,679 million, which was RM 71 million or 2.6% below the same period last year. These lower sales achievements reflect the departure of agencies in 2008 and early 2009, however, the strong performance of the existing agency portfolio has cushioned the effects to a large degree.

The Group profit before tax after nine months amounted to RM 18.4 million in comparison to last year's loss before tax of RM 4.9 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 beneficial effects of the operational changes implemented since the last quarter 2008.

In the previous releases, the Group had also drawn attention to important balance sheet improvements achieved this year. This positive development has allowed a significant reduction in borrowings.

Comments to the Performance of the Business Segments

Trading and Logistics Segment

The Trading and Logistics segment, achieved sales of RM 890 million in the third quarter 2009, 1.6% behind the RM 904 million reported for the third quarter 2008 and RM 33 million or 3.8% above the immediately preceding second quarter 2009. The third quarter exceeded the sales level of the strong first quarter 2009 and reflects improving conditions and a strong catch-up despite of supplier departures in 2008 and early 2009. Cumulative sales amounted to RM 2,632 million, a drop of 2.4% from the nine months in 2008.

While the segment achieved lower sales, the contribution increased from RM 5.5 million in the third quarter 2008 to RM 23.5 million in 2009.

The Group had highlighted its restructuring focus on the fast moving consumer goods unit of this segment, which had been the reason for the poor performance over the last few years. Since the fourth quarter 2008, this business had been stabilized, processes were tightened and a new business concept was implemented to leverage the Group's unique market position. The new approach is reflected in the performance improvements.

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Chemicals Segment

The Chemicals segment continues with sales below last year because of its direct exposure to the general economic slowdown. As in the previous two quarters, third quarter 2009 sales amounted again to RM 5.9 million, which is 37% behind the same period in 2008. Cumulative sales reached RM 17.7 million, a drop of 32% from the nine months in 2008. However, despite these lower sales, the segmental contribution reached RM 0.8 million, a 58% improvement on the nine months in 2008.

As previously explained, the Chemicals segment is directly affected by the more difficult economic conditions because it supplies to the exporting Malaysian industry. Without clear indication of improvements to date, the Segment is cutting expenses and focusing on better customer service.

Food Segment

The Food segment continued ahead of last year's performance. Third quarter sales amounted to RM 10.9 million, an improvement of 7% over the corresponding third quarter 2008. Against the immediately preceding second quarter 2009, the increase was 26% because of the positive impact of the Hari Raya festive season, which is of importance for the Famous Amos chocolate chip cookie chain, the main business in this segment. Cumulative sales reached RM 29 million, an increase of 5% over the nine months of 2008.

The segmental result of RM 3.9 million is 7% above the achievement of one year ago and this reflects the strong accomplishment despite of the cost involved in 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 shows clear improvements over the previous year despite the departure of agencies in 2008 and in early 2009 and a more difficult economic climate. Sales were only moderately affected and are less than 3% lower than a year ago.

Profit before tax after three quarters is almost twice the achievement at the end of 2008. With the fourth quarter normally showing the strongest performance in a year, and subject to unforeseen circumstances, the Group expects to report a strong result, well ahead of the previous years.

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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 September 2009 RM'000 | Qtr Ended 30 September 2008 RM'000 | YTD Qtr Ended 30 September 2009 RM'000 | YTD Qtr Ended 30 September 2008 RM'000 |
|--------------|--|--|--|--|
| Current year | 2,146 | 1,893 | 5,013 | 4,707 |
| Deferred tax | (2,719) | 917 | (2,547) | (223) |
| | <u>(573)</u> | <u>2,810</u> | <u>2,466</u> | <u>4,484</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 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Group Borrowings and Debt Securities

Short Term Borrowings

Unsecured and fully denominated in Ringgit Malaysia:

| | RM'000 |
|--------------------------------|----------------|
| Bankers' acceptances | 79,940 |
| Promissory notes | 57,605 |
| Term loan due within 12 months | 56,666 |
| | <u>194,211</u> |

Long Term Borrowings

Unsecured and fully denominated in Ringgit Malaysia:

| | RM'000 |
|---------------------------------|---------------|
| Fixed rate term loan | 26,667 |
| Advances from holding companies | 50,082 |
| | <u>76,749</u> |

10. Off Balance Sheet Financial Instruments Hedging Instruments

As at 23 November 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 | 4,609 | 10.02.09 – 18.11.09 | 24.11.09 – 25.02.10 | 16,416 |
| Swiss Franc | 1,015 | 29.04.09 – 18.11.09 | 24.11.09 – 20.05.10 | 3,390 |
| Singapore Dollar | 86 | 25.09.09 – 18.11.09 | 24.11.09 – 30.04.10 | 213 |
| Euro | 558 | 29.05.09 – 25.09.09 | 24.11.09 – 01.03.10 | 2,851 |
| Australian Dollar | 342 | 04.08.09 – 18.11.09 | 24.11.09 – 31.03.10 | 1,055 |
| Sterling Pound | 10 | 04.08.09 | 24.11.09 – 02.12.09 | 60 |
| Total | | | | 23,985 |

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.

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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 23 November 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 RM9,198,000 and RM13,635,000.
- (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

| | <u>Trading &</u> | | | <u>Consolidated</u> |
|---|----------------------|------------------|-------------|---------------------|
| | <u>Logistics</u> | <u>Chemicals</u> | <u>Food</u> | |
| <u>For the Period Ended 30 September 2009</u> | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | |
| Total Revenue | 2,632,041 | 17,665 | 29,006 | 2,678,712 |
| Results | | | | |
| Segment result | 23,479 | 829 | 3,914 | 28,222 |
| Finance cost | | | | (9,799) |
| Profit from ordinary activities before tax | | | | 18,423 |
| Tax | | | | (2,466) |
| Profit from ordinary activities after tax | | | | 15,957 |
| Minority interest | | | | (2,322) |
| Net Profit for the period | | | | 13,635 |
| At 30 September 2009 | | | | |
| Other Information | | | | |
| Segment assets | 926,880 | 7,925 | 8,760 | 943,565 |
| Unallocated assets | | | | 145,083 |
| Total assets | | | | 1,088,648 |
| Segment liabilities | (541,897) | (1,690) | (1,358) | (544,945) |
| Unallocated liabilities | | | | (374,505) |
| Total liabilities | | | | (919,450) |
| Capital expenditure | 1,268 | - | 705 | 1,973 |
| Depreciation | (7,205) | (95) | (542) | (7,842) |


ANDRE HAEGI
GROUP FINANCE DIRECTOR

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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> |
|---|----------------------|------------------|-------------|---------------------|
| | <u>Logistics</u> | <u>Chemicals</u> | <u>Food</u> | |
| <u>For the Period Ended 30 September 2008</u> | RM'000 | RM'000 | RM'000 | RM'000 |
| 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) |
| Profit from ordinary activities before tax | | | | (4,931) |
| Tax | | | | (4,484) |
| Profit from ordinary activities after tax | | | | (9,415) |
| Minority interest | | | | (2,813) |
| Net profit for the period | | | | (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) |

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ANDRE HAEGI
 GROUP FINANCE DIRECTOR