

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 June 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2011

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2010 RM'000	CURRENT YEAR TO DATE 30/06/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2010 RM'000
1 Revenue	1,055,114	951,153	2,126,426	1,894,095
2 Operating Expenses	(1,036,854)	(944,232)	(2,091,368)	(1,881,704)
3 Other Operating Income	1,645	2,664	2,629	4,637
4 Profit from Operations	19,905	9,585	37,687	17,028
5 Finance cost	(1,688)	(1,684)	(3,533)	(3,578)
6 Profit before taxation	18,217	7,901	34,154	13,450
7 Taxation	(5,054)	(2,212)	(9,280)	(4,488)
8 Net profit for the period	13,163	5,689	24,874	8,962
9 Other comprehensive income:- - Currency Translation differences arising from consolidation	23	(13)	27	(74)
10 Total comprehensive income	13,186	5,676	24,901	8,888
11 Net profit attributable to: Equity holders of the company Non controlling interest	11,885 1,278	4,649 1,040	22,562 2,312	7,178 1,784
Net profit for the period	13,163	5,689	24,874	8,962
12 Total comprehensive income attributable to: Equity holders of the company Non controlling interest	11,908 1,278	4,636 1,040	22,589 2,312	7,104 1,784
Total comprehensive income	13,186	5,676	24,901	8,888
13 Earnings per share based on 12 above after (i) Basic (See Note 1 below) (sen) (ii) Fully diluted	7.54 N/A	2.94 N/A	14.31 N/A	4.51 N/A

Note:-

1 The weighted average number of shares used in 13 above is computed : 157,658,076 shares.

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER 30/06/2011 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2010 RM'000
1 Non Current Assets		
Property, plant and equipment	50,492	53,402
Intangible assets	9,374	9,862
Available for sale financial assets	62	62
Deferred tax assets	6,465	6,832
	<u>66,393</u>	<u>70,158</u>
2 Current Assets		
Inventories	344,916	313,655
Receivables	679,495	590,850
Deposits, bank and cash balances	82,230	132,942
	<u>1,106,641</u>	<u>1,037,447</u>
3 Total Assets	<u>1,173,034</u>	<u>1,107,605</u>
4 Equity		
Ordinary share capital	157,658	157,658
Share premium	24,514	24,514
Revaluation reserve	13,527	13,527
Foreign currency translation reserve	0	(27)
Accumulated profits / (losses)	4,704	(10,763)
Equity attributable to equity holders of the company	<u>200,403</u>	<u>184,909</u>
Non controlling interest	15,515	16,775
	<u>215,918</u>	<u>201,684</u>
5 Current Liabilities		
Payables	761,146	653,930
Derivative financial instrument	78	1,062
Borrowings (unsecured)	93,281	161,772
Taxation	7,144	1,987
	<u>861,649</u>	<u>818,751</u>
6 Non current Liabilities		
Borrowings (unsecured)	77,500	68,870
Post employment benefit obligation	10,353	10,496
Long term liabilities	289	289
Deferred taxation	7,325	7,515
	<u>95,467</u>	<u>87,170</u>
7 Total Liabilities	<u>957,116</u>	<u>905,921</u>
8 Total Equity and Liabilities	<u>1,173,034</u>	<u>1,107,605</u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>1.2711</u>	<u>1.1728</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

DKSH HOLDINGS (MALAYSIA) BERHAD (231376-A)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2011

	Attributable to equity holders of the parent						Non controlling interest	Total Equity
	Issued and fully paid ordinary shares of RM1 each		Non-distributable			Accumulated profits / (losses)		
	No of shares	Nominal value	Share premium on ordinary shares	Revaluation reserves	Revaluation reserves			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
QUARTER ENDED 30 JUNE 2011								
At 1 January 2011	157,658	157,658	24,514	13,527	(27)	(10,763)	16,775	201,684
Total comprehensive income for the period	-	-	-	-	27	22,562	2,312	24,901
Dividends	-	-	-	-	-	(7,095)	(3,572)	(10,667)
At 30 June 2011	157,658	157,658	24,514	13,527	-	4,704	15,515	215,918
QUARTER ENDED 30 JUNE 2010								
At 1 January 2010 (as previously stated)	157,658	157,658	24,514	13,505	-	(33,474)	16,197	178,400
Effect of adoption FRS 139	-	-	-	17	-	(522)	-	(505)
At 1 January 2010 (as restated)	157,658	157,658	24,514	13,522	-	(33,996)	16,197	177,895
Total comprehensive income for the period	-	-	-	-	-	7,104	1,784	8,888
Dividends	-	-	-	-	-	(4,730)	(3,493)	(8,223)
At 30 June 2010	157,658	157,658	24,514	13,522	-	(31,622)	14,488	178,560

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

	Period ended 30/06/11	Period ended 30/06/10
	<u>RM'000</u>	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income	24,901	8,888
Adjustments for non cash flows:		
Non cash items	13,272	16,368
Non operating expenses	(3,966)	(7,346)
Operating profit before changes in working capital	<u>34,207</u>	<u>17,910</u>
Changes in working capital:		
Inventories	(31,408)	6,502
Trade and other receivables	(89,468)	(34,399)
Trade and other payables and provisions	108,089	72,985
Net cashflow from operating activities	<u>21,420</u>	<u>62,998</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investments	<u>(1,577)</u>	<u>(1,787)</u>
Net cashflow from investing activities	<u>(1,577)</u>	<u>(1,787)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	(59,888)	(46,839)
Dividend Paid	<u>(10,667)</u>	<u>(8,223)</u>
Net cashflow from financing activities	<u>(70,555)</u>	<u>(55,062)</u>
NET DECREASE IN CASH & CASH EQUIVALENTS	(50,712)	6,149
CASH AND CASH EQUIVALENTS B/F	<u>132,942</u>	<u>87,447</u>
CASH AND CASH EQUIVALENTS C/F	<u>82,230</u>	<u>93,596</u>
Note : Cash and cash equivalents comprise of :-		
Deposits, bank and cash balances	82,230	93,596
Bank overdraft	-	-
	<u>82,230</u>	<u>93,596</u>

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

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 The figures have not been audited and are to be read in conjunction with the 2010 annual report.

SEGMENTAL INFORMATION

	<u>Marketing & Distribution</u>			<u>Logistics</u>		<u>Consolidated</u> RM'000
	<u>Services</u> RM'000	<u>Services</u> RM'000	<u>Others</u> RM'000	<u>Services</u> RM'000	<u>Others</u> RM'000	
For the Period Ended 30 June 2011						
Revenue						
Total Revenue	937,213	1,166,897	22,316			2,126,426
Results						
Segment result	19,816	15,643	2,228			37,687
Finance cost						(3,533)
Profit from ordinary activities before tax						<u>34,154</u>
At 30 June 2011						
Other Information						
Segment assets	556,470	454,769	52,311			1,063,550
Unallocated assets						109,484
Total assets						<u>1,173,034</u>
Segment liabilities	(307,962)	(364,605)	(3,002)			(675,569)
Unallocated liabilities						(281,547)
Total liabilities						<u>(957,116)</u>
Capital expenditure	639	345	766			1,750
Depreciation	(2,016)	(538)	(2,035)			(4,589)

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The figures have not been audited and are to be read in conjunction with the 2009 annual report.

SEGMENTAL INFORMATION

	<u>For the Period Ended 30 June 2010</u>			
	<u>Marketing & Distribution Services</u> RM'000	<u>Logistics Services</u> RM'000	<u>Others</u> RM'000	<u>Consolidated</u> RM'000
Revenue				
Total Revenue	823,094	1,052,376	18,625	1,894,095
Results				
Segment result	3,897	11,521	1,610	17,028
Finance cost				(3,578)
Profit from ordinary activities before tax				<u>13,450</u>
At 30 June 2010				
Other Information				
Segment assets	457,962	365,856	49,223	873,041
Unallocated assets				132,699
Total assets				<u>1,005,740</u>
Segment liabilities	(217,462)	(310,124)	(1,204)	(528,790)
Unallocated liabilities				(298,394)
Total liabilities				<u>(827,184)</u>
Capital expenditure	532	715	662	1,909
Depreciation	(3,453)	(710)	(878)	(5,041)

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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 2011 have been prepared in accordance with 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 2010. The figures for the cumulative period in the current quarter to 30 June 2011 have not been audited.

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 2010. The new, revised and amended FRS and IC Interpretations, which are effective for financial periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, are not anticipated to result in any material impact to the financial results of the Group.

2. 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 2010 was not qualified.

3. Seasonal or Cyclical Factors

The Group's service segments cover primarily Fast Moving Consumer Goods and Healthcare businesses. Consequently, revenue and contributions are influenced by the festive seasons of Hari Raya, Christmas, Chinese New Year and Deepavali.

4. 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.

5. Material Changes in Estimates

There were no material changes in estimates used to prepare these financial statements.

6. Changes in Debt and Equity Securities

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

7. Dividend Paid

No dividend was paid in the quarter ended 30 June 2011.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Segment Information

The Group's segmental information for the financial quarters ended 30 June 2011 and 30 June 2010 is presented separately in the file '2Q2011-BursaM-Segmental' attached together with this package.

9. 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.

10. Material Events Subsequent to the end of Financial Period

There were no material events subsequent to the end of the period reported that have not been reflected in the financial statements for the quarter ended 30 June 2011.

11. Changes in the Composition of the Group

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

12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the quarter ended 30 June 2011 and up to 19 August 2011.

13. Capital Commitments

Authorised capital commitments not provided for in this interim financial report as at 30 June 2011 are as follows:

	RM'000
Contracted	1,660
Not contracted	-
	<u>1,660</u>
Analysed as follows:	
- Property, plant and equipment	<u>1,660</u>

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA
MALAYSIA SECURITIES BERHAD – 2nd QUARTER ENDED 30 June 2011**

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

1. Review of performance

The performance in the second quarter 2011 has continued positively in line with expectations. Revenue increased by 10.9% to RM 1,055.1 million compared to the second quarter of 2010, whilst revenue declined marginally by 1.5% as compared to the first quarter of 2011.

For the first six months of 2011, revenue rose to RM2,126.4 million, an increase of 12.3% compared to the year earlier. Operating expenses increased by 11.1% as compared to the same period of 2010, whilst financing costs have reduced slightly by 1.3%.

On this basis, profit before tax for the first six months of 2011 increased by 153.9% to RM 34.2 million compared to the same period of 2010, whilst taxes increased by 106.8%. Group PAT for the first six months of 2011 increased by 177.5% and came in at RM 24.9 million.

As outlined in the releases of 2010, business segment reporting was redesigned to comply with the new requirements of FRS 8. The three business segments are (1) Marketing and Distribution services, (2) Logistics services and (3) Others.

Comments to the Performance of the Business Segments

Marketing and Distribution Services

Under the segment Marketing and Distribution services, the Group provides the full range of available services. The service portfolio ranges from marketing and sales, to distribution and logistics, invoicing and credit management, trade return management, and other value added services.

Revenue for the second quarter of 2011 increased by 16.9% to RM 458.8 million compared to the same quarter of 2010. Revenue however decreased by 4.1% compared to the preceding first quarter of 2011. For the first six months of 2011, revenue amounted to RM 937.2 million, an increase of 13.9% compared to the same period of 2010.

The segmental result for the second quarter amounted to RM 10.6 million, whilst the cumulative result for the first 6 months of 2011, arrived at RM 19.8 million, an increase of 408.5% over the RM 3.9 million for the same period of 2010.

With continued organic growth, increased focus on new business development, as well as close management of inventories, returned goods, and receivables, the positive performance is expected to continue throughout the rest of 2011.

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Logistics Services

Under the segment Logistics Services, the Group does not provide the entire service portfolio, but focuses on supply chain services ranging from import, to forwarding, warehousing and distribution, order processing, and the management of collections. Contrary to the Marketing and Distribution segment, sales and marketing services are not provided by DKSH, but are run by the suppliers. The businesses represented under this segment are primarily the Business Unit Healthcare and parts of the Business Unit Consumer Goods, which are entirely supply chain focused.

Revenue for the second quarter of 2011 amounted to RM 584.9 million. This represents an increase of 6.5% over the revenue of RM 549.5 million for the second quarter of 2010 and a marginal increase of 0.5% over the first quarter. For the first six months of 2011, revenue amounted to RM1,166.9 million, an increase of 10.9% compared to the same period of 2010.

The segmental result for the second quarter 2011 arrived at RM 8.3 million. The cumulative result for the first six month of 2011 improved by 35.8% over prior year to RM 15.6 million.

With margins in the telephone card business remaining under pressure, new healthcare businesses, as well as further business development are expected to support the positive trend for this segment throughout the rest of 2011.

Others

The third segment consists of smaller units, most notably the Famous Amos chocolate chip cookie chain, which forms the most important operational unit.

Revenue for the second quarter 2011 came in at RM 11.4 million, up 24.5% compared to the same period of 2010, whilst revenue increased 3.8% over the first quarter of 2011. For the first six months of 2011, revenue increased by 19.8% to RM 22.3 million.

The segmental contribution for the second quarter amounted to RM 1.1 million, whilst the cumulative contribution for the first six month of 2011 improved by 38.4% to RM 2.2 million over the same period of last year.

With further expansion in retail outlets of Famous Amos and sales activities expected to peak during the festivities in Q3 and Q4, the positive growth is expected to continue.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The increase in profit before taxation in the second quarter 2011 reflects seasonal developments and is in line with expectations.

3. Prospects

The year has commenced very positively for the Group and all business segments. The focus will remain on cost management and good controls, whilst growing sales for existing suppliers. Furthermore, the Group will focus on business development of selected new suppliers.

Subject to meeting these objectives, the Group expects to maintain the positive trend.

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 2011 RM'000	Qtr Ended 30 June 2010 RM'000	YTD Qtr Ended 30 June 2011 RM'000	YTD Qtr Ended 30 June 2010 RM'000
Current year	4,408	1,796	9,102	3,861
Deferred tax	646	416	178	627
	<u>5,054</u>	<u>2,212</u>	<u>9,280</u>	<u>4,488</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.

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8. Status of Corporate Proposals Announced

There were no changes in the status of corporate proposals announced during the quarter under review.

9. Group Borrowings and Debt Securities

Short Term Borrowings

Unsecured and fully denominated in Ringgit Malaysia:

	RM'000
Bankers' acceptances	65,000
Promissory notes	26,579
Term loan due within 12 months	1,667
Others	35
	<u>93,281</u>

Long Term Borrowings

Unsecured and fully denominated in Ringgit Malaysia:

	RM'000
Fixed rate term loan	50,000
Advances from holding companies	27,475
Others	25
	<u>77,500</u>

10. Disclosure of Derivatives

Type of derivatives	Contract / Notional value 30/06/2011 RM'000	Fair Value 30/06/2011 RM'000
Foreign exchange contracts - less than 1 year	26,913	26,835
Total	<u>26,913</u>	<u>26,835</u>

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 Treasury policy.

The Group's open foreign exchange contracts have been fair valued using the current market rates as at 30 June 2011 resulting in a difference of RM 0.1 million. This represents an improvement of RM 0.2 million as compared to the preceding quarter ended 31 March 2011, which showed derivative losses of RM 0.3 million. The unrealized gain has been charged to the statement of comprehensive income for the quarter. In total, RM 1.0 million unrealized gain on forward contracts have been charged to statement of comprehensive income for the quarter to date reversing the position as at 31 December 2010.

The current unrealized derivative loss of RM 0.1 million arose due to the strengthening of the MYR against the USD, offset by a weaker MYR compared to other currencies and a reduction in the USD forward exchange contracts as the open positions are unwound.

11. Changes in Material Litigation

There was no change in material litigation since the last financial year ended 30 June 2011 and up to 19 August 2011.

12. Dividend Proposed or Declared

No interim dividend has been declared by the Board of Directors.

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 RM11,885,000 and RM22,562,000 respectively.
- (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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14. Disclosure of Realised and Unrealised Profits/Losses

	Current Quarter as at 30/06/2011 RM'000	As at the end of last Financial Year 31/12/2010 RM'000
Total retained profits/(accumulated losses) of DKSH Holdings (M) Bhd and its subsidiaries:		
- Realised	6,514	(8,621)
- Unrealised	(1,810)	(2,142)
Total group retained profits/(accumulated losses) as per consolidated accounts	4,704	(10,763)