

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/09/2011 RM'000	30/09/2010 RM'000	30/09/2011 RM'000	30/09/2010 RM'000
1 Revenue	1,091,536	985,620	3,217,962	2,879,715
2 Operating Expenses	(1,076,024)	(972,277)	(3,167,392)	(2,853,981)
3 Other Operating Income	2,556	3,067	5,185	7,704
4 Profit from Operations	18,068	16,410	55,755	33,438
5 Finance cost	(1,779)	(1,715)	(5,312)	(5,293)
6 Profit before taxation	16,289	14,695	50,443	28,145
7 Taxation	(4,299)	(3,497)	(13,579)	(7,985)
8 Net profit for the period	11,990	11,198	36,864	20,160
9 Other comprehensive income:- - Currency Translation differences arising from consolidation	(2)	24	25	(50)
10 Total comprehensive income	11,988	11,222	36,889	20,110
11 Net profit attributable to:				
Equity holders of the company	10,531	10,340	33,093	17,518
Non controlling interest	1,459	858	3,771	2,642
Net profit for the period	11,990	11,198	36,864	20,160
12 Total comprehensive income attributable to:				
Equity holders of the company	10,529	10,364	33,118	17,468
Non controlling interest	1,459	858	3,771	2,642
Total comprehensive income	11,988	11,222	36,889	20,110
13 Earnings per share based on 11 above after				
(i) Basic (See Note 1 below) (sen)	6.68	6.56	20.99	11.11
(ii) Fully diluted	N/A	N/A	N/A	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 30/09/2011 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2010 RM'000
1 Non Current Assets		
Property, plant and equipment	49,937	53,402
Intangible assets	9,130	9,862
Available for sale financial assets	62	62
Deferred tax assets	5,852	6,832
	<u>64,981</u>	<u>70,158</u>
2 Current Assets		
Inventories	375,889	313,655
Receivables	708,444	590,850
Derivative financial instrument	342	0
Deposits, bank and cash balances	71,454	132,942
	<u>1,156,129</u>	<u>1,037,447</u>
3 Total Assets	<u><u>1,221,110</u></u>	<u><u>1,107,605</u></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	(2)	(27)
Accumulated profits / (losses)	15,234	(10,763)
Equity attributable to equity holders of the company	<u>210,931</u>	<u>184,909</u>
Non controlling interest	16,974	16,775
	<u><u>227,905</u></u>	<u><u>201,684</u></u>
5 Current Liabilities		
Payables	758,424	653,930
Derivative financial instrument	0	1,062
Borrowings (unsecured)	125,520	161,772
Taxation	7,812	1,987
	<u>891,756</u>	<u>818,751</u>
6 Non current Liabilities		
Borrowings (unsecured)	83,050	68,870
Post employment benefit obligation	10,774	10,496
Long term liabilities	289	289
Deferred taxation	7,336	7,515
	<u>101,449</u>	<u>87,170</u>
7 Total Liabilities	<u><u>993,205</u></u>	<u><u>905,921</u></u>
8 Total Equity and Liabilities	<u><u>1,221,110</u></u>	<u><u>1,107,605</u></u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u><u>1.3379</u></u>	<u><u>1.1728</u></u>

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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 RM'000	Nominal value RM'000	Share premium on ordinary shares RM'000	Revaluation reserves RM'000	Revaluation reserves RM'000			
<u>QUARTER ENDED 30 SEPTEMBER 2011</u>								
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	-	-	-	-	25	33,093	3,771	36,869
Dividends	-	-	-	-	-	(7,096)	(3,572)	(10,668)
At 30 September 2011	157,658	157,658	24,514	13,527	(2)	15,234	16,974	227,905
<u>QUARTER ENDED 30 SEPTEMBER 2010</u>								
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	-	-	-	-	(50)	17,518	2,642	20,110
Dividends	-	-	-	-	-	(4,730)	(3,493)	(8,223)
At 30 September 2010	157,658	157,658	24,514	13,522	(50)	(21,208)	15,346	189,782

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 SEPTEMBER 2011

	Period ended 30/09/11	Period ended 30/09/10
	<u>RM'000</u>	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income	36,889	20,110
Adjustments for non cash flows:		
Non cash items	18,860	22,536
Non operating expenses	(5,700)	(8,970)
Operating profit before changes in working capital	<u>50,049</u>	<u>33,676</u>
Changes in working capital:		
Inventories	(62,397)	(41,496)
Trade and other receivables	(118,406)	(84,171)
Trade and other payables and provisions	105,392	138,217
Net cashflow from operating activities	<u>(25,362)</u>	<u>46,226</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investments	(3,353)	(3,219)
Net cashflow from investing activities	<u>(3,353)</u>	<u>(3,219)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	(22,105)	(55,818)
Dividend Paid	(10,668)	(8,223)
Net cashflow from financing activities	<u>(32,773)</u>	<u>(64,041)</u>
NET DECREASE IN CASH & CASH EQUIVALENTS	(61,488)	(21,034)
CASH AND CASH EQUIVALENTS B/F	<u>132,942</u>	<u>87,447</u>
CASH AND CASH EQUIVALENTS C/F	<u>71,454</u>	<u>66,413</u>
	-	-
Note : Cash and cash equivalents comprise of :-		
Deposits, bank and cash balances	71,454	66,413
Bank overdraft	-	-
	<u>71,454</u>	<u>66,413</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 Services</u>			<u>Logistics Services</u>		<u>Others</u>		<u>Consolidated</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the Period Ended 30 September 2011									
Revenue									
Total Revenue	1,432,965	1,749,866	35,131						3,217,962
Results									
Segment result	28,027	23,600	4,128						55,755
Finance cost									(5,312)
Profit from ordinary activities before tax									50,443
At 30 September 2011									
Other Information									
Segment assets	604,279	469,040	50,655						1,123,974
Unallocated assets									97,136
Total assets									1,221,110
Segment liabilities	(313,945)	(363,285)	(1,157)						(678,387)
Unallocated liabilities									(314,818)
Total liabilities									(993,205)
Capital expenditure	1,574	784	1,292						3,650
Depreciation	(3,051)	(802)	(3,067)						(6,920)

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SEGMENTAL INFORMATION

	<u>For the Period Ended 30 September 2010</u>			
	<u>Marketing & Distribution Services</u>	<u>Logistics Services</u>	<u>Others</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000
Revenue				
Total Revenue	1,231,435	1,618,214	30,066	2,879,715
Results				
Segment result	10,658	19,427	3,353	33,438
Finance cost				(5,293)
Profit from ordinary activities before tax				<u>28,145</u>
At 30 September 2010				
Other Information				
Segment assets	482,240	438,437	49,931	970,608
Unallocated assets				96,011
Total assets				<u>1,066,619</u>
Segment liabilities	(216,502)	(380,152)	(1,771)	(598,425)
Unallocated liabilities				(278,416)
Total liabilities				<u>(876,841)</u>
Capital expenditure	1,421	904	1,082	3,407
Depreciation	(3,770)	(1,044)	(2,678)	(7,492)

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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 3rd quarter and the financial period ended 30 September 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 September 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 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Dividend Paid

A final single-tier dividend of 4.5 sen per ordinary share of RM1 each was paid on 18 August 2011 for the year ended 31 December 2010. In comparison, the dividend paid for the year ended 31 December 2009 included a final gross dividend of 1.8 sen per ordinary share of RM1 each, less income tax of 25%, and a final single-tier dividend of 1.65 sen per ordinary share of RM1 each.

8. Segment Information

The Group's segmental information for the financial quarters ended 30 September 2011 and 30 September 2010 is presented separately in the file '3Q2011-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 September 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 September 2011 and up to 22 November 2011.

13. Capital Commitments

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

	RM'000
Contracted	1,478
Not contracted	-
	<u>1,478</u>
Analysed as follows:	
- Property, plant and equipment	<u>1,478</u>

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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD – 3rd QUARTER ENDED 30 SEPTEMBER 2011

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

1. Review of performance

The performance in the third quarter 2011 has followed the positive trend set in the previous quarters of 2011. Revenue increased by 10.7% to RM 1,091.5 million compared to the third quarter of 2010, whilst revenue improved 3.5% as compared to the second quarter of 2011.

For the first nine months of 2011, revenue rose to RM 3,218.0 million, an increase of 11.7% compared to the year earlier. Operating expenses increased by 11.0% as compared to the same period of 2010, whilst financing costs have remained in line with prior year costs.

On this basis, profit before tax for the first nine months of 2011 increased by 79.2% to RM 50.4 million compared to the same period of 2010, whilst taxes increased by 70.1%. Group PAT for the first nine months of 2011 increased by 82.9% and came in at RM 36.9 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 third quarter of 2011 increased by 21.4% to RM 495.8 million compared to the same quarter of 2010, or an increase of 8.0% compared to the second quarter of 2011. For the first nine months of 2011, revenue amounted to RM 1,433.0 million, an increase of 16.4% compared to the same period of 2010.

The segmental result for the third quarter amounted to RM 8.2 million, whilst the cumulative result for the first nine months of 2011 arrived at RM 28.0 million, an increase of 163.0% over the RM 10.7 million for the same period of 2010.

With continued organic growth, successful 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 third quarter of 2011 amounted to RM 583.0 million. This represents an increase of 3.0% over the revenue of RM 565.8 million for the third quarter of 2010 and a marginal decrease of 0.3% over the second quarter of 2011. For the first nine months of 2011, revenue amounted to RM1,749.9 million, an increase of 8.1% compared to the same period of 2010.

The segmental result for the third quarter 2011 arrived at RM 8.0 million. The cumulative result for the first nine month of 2011 improved by 21.5% over prior year to RM 23.6 million.

Whilst margins in the telephone card business remain increasingly under pressure, new healthcare businesses, as well as further business development under healthcare 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.

Segmental revenue for the third quarter 2011 came in at RM 12.8 million, up 12.0% compared to the same period of 2010, whilst revenue increased 12.8% over the second quarter of 2011. For the first nine months of 2011, revenue increased by 16.8% to RM 35.1 million.

The segmental contribution for the third quarter amounted to RM 1.9 million, whilst the cumulative contribution for the first nine month of 2011 improved by 23.1% to RM 4.1 million over the same period of last year.

Famous Amos will continue increasing its retail footprint by opening new stores and refurbishing existing stores, which is expected to positively affect revenues and profits.

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

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

3. Prospects

The positive performance trend has continued into the third quarter for all business segments. With a continued focus on growth of existing business partners as well as new business development, combined with cost management and good controls on the balance sheet, the positive trend is expected to continue.

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 2011 RM'000	Qtr Ended 30 September 2010 RM'000	YTD Qtr Ended 30 September 2011 RM'000	YTD Qtr Ended 30 September 2010 RM'000
Current year	2,696	2,494	11,798	6,355
Deferred tax	1,603	1,003	1,781	1,630
	<u>4,299</u>	<u>3,497</u>	<u>13,579</u>	<u>7,985</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 corporate proposals announced during the quarter under review.

9. Group Borrowings and Debt Securities

<u>Short Term Borrowings</u>	Qtr Ended 30 September 2011
Unsecured and fully denominated in Ringgit Malaysia:	
	RM'000
Bankers' acceptances	70,900
Promissory notes	54,599
Others	21
	<u>125,520</u>
 <u>Long Term Borrowings</u>	
Unsecured and fully denominated in Ringgit Malaysia:	
	RM'000
Fixed rate term loan	50,000
Advances from holding companies	33,025
Others	25
	<u>83,050</u>

10. Disclosure of Derivatives

Type of derivatives	Contract / Notional value 30/09/2011 RM'000	Fair Value 30/09/2011 RM'000
Foreign exchange contracts - less than 1 year	16,995	17,337
Total	<u>16,995</u>	<u>17,337</u>

Foreign currency transactions in Group companies are accounted for at exchange rates ruling at 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 September 2011 resulting in a unrealized derivative gain of RM 0.3 million. This represents an improvement of RM 0.4 million as compared to the preceding quarter ended 30 June 2011, which showed derivative losses of RM 0.1 million. The unrealized gain has been charged to the statement of comprehensive income for the quarter. In total, RM 1.4 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 gain of RM 0.3 million arose due to a weakening MYR against the USD towards 2nd half of September 2011 and a reduction in the amount of 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 September 2011 and up to 22 November 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 RM10,529,000 and RM33,118,000 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 30/09/2011 RM'000	As at the end of last Financial Year 31/12/2010 RM'000
Total retained profits/(accumulated losses) of DKSH Holdings (Malaysia) Berhad and its subsidiaries:		
- Realised	17,367	(8,621)
- Unrealised	(2,133)	(2,142)
Total group retained profits/(accumulated losses) as per consolidated accounts	15,234	(10,763)