

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2012

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM'000	RM'000	RM'000	RM'000
1 Revenue	1,123,702	1,071,312	1,123,702	1,071,312
2 Operating Expenses	(1,106,820)	(1,054,514)	(1,106,820)	(1,054,514)
3 Other Operating Income	1,538	984	1,538	984
4 Profit from Operations	18,420	17,782	18,420	17,782
5 Finance cost	(1,959)	(1,845)	(1,959)	(1,845)
6 Profit before taxation	16,461	15,937	16,461	15,937
7 Taxation	(4,744)	(4,288)	(4,744)	(4,288)
8 Net profit for the period	11,717	11,649	11,717	11,649
9 Other comprehensive income:-				
- Currency Translation differences arising from consolidation	(1)	4	(1)	4
- Gain on fair value changes on available for sale				
10 Total comprehensive income	11,716	11,653	11,716	11,653
11 Net profit attributable to:				
Owners of the parent	10,955	10,615	10,955	10,615
Non controlling interest	762	1,034	762	1,034
Net profit for the period	11,717	11,649	11,717	11,649
12 Total comprehensive income attributable to:				
Owners of the parent	10,954	10,619	10,954	10,619
Non controlling interest	762	1,034	762	1,034
Total comprehensive income	11,716	11,653	11,716	11,653
13 Earnings per share based on 11 above after				
(i) Basic (See Note 1 below) (sen)	6.95	6.73	6.95	6.73
(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 2012.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 31/03/2012 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2011 RM'000
1 Non Current Assets		
Property, plant and equipment	49,047	50,527
Intangible assets	8,642	8,886
Available for sale financial assets	69	69
Deferred tax assets	4,665	4,275
	<u>62,423</u>	<u>63,757</u>
2 Current Assets		
Inventories	385,877	382,101
Trade and other receivables	832,103	681,563
Derivative financial instrument	88	0
Deposits, bank and cash balances	47,127	112,726
	<u>1,265,195</u>	<u>1,176,390</u>
3 Total Assets	<u>1,327,618</u>	<u>1,240,147</u>
4 Equity		
Ordinary share capital	157,658	157,658
Share premium	24,514	24,514
Revaluation reserve	-	-
Available for sale reserve	29	29
Foreign currency translation reserve	14	15
Retained earnings	57,817	46,862
Equity attributable to owners of parent	<u>240,032</u>	<u>229,078</u>
Non controlling interest	18,739	17,977
	<u>258,771</u>	<u>247,055</u>
5 Current Liabilities		
Trade and other payables	816,827	764,764
Derivative financial instrument	0	106
Borrowings	178,194	154,831
Taxation	4,991	4,282
	<u>1,000,012</u>	<u>923,983</u>
6 Non current Liabilities		
Borrowings	55,975	56,955
Post employment benefit obligation	12,262	11,561
Long term liabilities	289	289
Deferred tax liabilities	309	304
	<u>68,835</u>	<u>69,109</u>
7 Total Liabilities	<u>1,068,847</u>	<u>993,092</u>
8 Total Equity and Liabilities	<u>1,327,618</u>	<u>1,240,147</u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>1.5225</u>	<u>1.4530</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual financial statements for the year ended 31 December 2011.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2012

	Issued and fully paid ordinary shares of RM1 each		Attributable to owners of the parent				Non controlling interest	Total Equity	
	shares of RM1 each		Non-distributable			Accumulated profits / (losses)			
	No of shares 000	Nominal value RM'000	Share premium on ordinary shares RM'000	Revaluation reserves RM'000	Available for sale reserve RM'000				Foreign currency translation reserve RM'000
<u>QUARTER ENDED 31 March 2012</u>									
At 1 January 2012	157,658	157,658	24,514	-	29	15	46,862	17,977	247,055
Total comprehensive income for the period	-	-	-	-	-	(1)	10,955	762	11,716
Dividends	-	-	-	-	-	-	-	-	-
At 31 March 2012	157,658	157,658	24,514	-	-	14	57,817	18,739	258,771
<u>QUARTER ENDED 31 March 2011</u>									
At 1 January 2011	157,658	157,658	24,514	-	22	-	9,859	16,775	208,828
Total comprehensive income for the period	-	-	-	-	-	4	10,615	1,034	11,653
Dividends	-	-	-	-	-	-	-	-	-
At 31 March 2011	157,658	157,658	24,514	-	22	4	20,474	17,809	220,481

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 2011.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIOD ENDED 31 MARCH 2012

	Period ended 31/03/12 <u>RM'000</u>	Period ended 31/03/11 <u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income attributable to owners of the parent	10,954	10,619
Adjustments for non cash flows:		
Depreciation	2,202	2,328
Amortisation of trademark	244	244
Gain on derivatives	(194)	(771)
Interest income	(30)	(44)
Interest expenses	1,959	1,845
Tax expenses	4,744	4,288
Impairment of trade receivables	293	777
Inventories written off	1,681	2,020
Allowance for inventory obsolescence	113	484
Accruals for post-employment benefits obligations	634	575
Non-controlling interests	762	1,034
Other non cash items	(2)	29
Operating profit before changes in working capital	<u>23,360</u>	<u>23,428</u>
Changes in working capital:		
Inventories	(5,568)	29,119
Trade and other receivables	(150,748)	(82,502)
Trade and other payables and provisions	52,161	41,572
	<u>(104,155)</u>	<u>(11,811)</u>
Interest paid	(1,965)	(1,845)
Interest received	30	44
Tax paid	(4,502)	(1,760)
Other non operating expenses	(43)	(593)
Net cashflow from operating activities	<u>(87,275)</u>	<u>7,463</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investments	(708)	(668)
Net cashflow from investing activities	<u>(708)</u>	<u>(668)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	22,384	(64,225)
Dividend Paid		
Net cashflow from financing activities	<u>22,384</u>	<u>(64,225)</u>
NET DECREASE IN CASH & CASH EQUIVALENTS	<u>(65,599)</u>	<u>(57,430)</u>
CASH AND CASH EQUIVALENTS B/F	<u>112,726</u>	<u>132,942</u>
CASH AND CASH EQUIVALENTS C/F	<u>47,127</u>	<u>75,512</u>
Note : Cash and cash equivalents comprise of :-		
Deposits, bank and cash balances	47,127	75,512
Bank overdraft	-	-
	<u>47,127</u>	<u>75,512</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.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012

The figures have not been audited and are to be read in conjunction with the 2011 annual report.

SEGMENTAL INFORMATION

	<u>Marketing & Distribution Services</u>			<u>Logistics Services</u>		<u>Others</u> RM'000	<u>Consolidated</u> RM'000
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>		
For the Period Ended 31 March 2012							
Revenue							
Total Revenue	514,711	596,494	12,497				1,123,702
Results							
Segment result	10,846	6,156	1,418				18,420
Finance cost							(1,959)
Profit from ordinary activities before tax							<u>16,461</u>
At 31 March 2012							
Other Information							
Segment assets	680,220	510,179	47,637				1,238,036
Unallocated assets							89,582
Total assets							<u>1,327,618</u>
Segment liabilities	(333,825)	(409,351)	(1,284)				(744,460)
Unallocated liabilities							(324,387)
Total liabilities							<u>(1,068,847)</u>
Capital expenditure	253	139	332				724
Depreciation	(855)	(300)	(1,047)				(2,202)

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2011
The figures have not been audited and are to be read in conjunction with the 2010 annual report.

SEGMENTAL INFORMATION

	<u>For the Period Ended 31 March 2011</u>			RM'000
	<u>Marketing & Distribution Services</u>	<u>Logistics Services</u>	<u>Others</u>	
	RM'000	RM'000	RM'000	RM'000
Revenue				
Total Revenue	478,391	581,969	10,952	1,071,312
Results				
Segment result	9,263	7,345	1,174	17,782
Finance cost				(1,845)
Profit from ordinary activities before tax				<u>15,937</u>
At 31 March 2011				
Other Information				
Segment assets	500,634	445,269	50,184	996,087
Unallocated assets				102,059
Total assets				<u>1,098,146</u>
Segment liabilities	(242,573)	(365,884)	(1,400)	(609,857)
Unallocated liabilities				(267,808)
Total liabilities				<u>(877,665)</u>
Capital expenditure	176	177	373	726
Depreciation	(1,047)	(270)	(1,011)	(2,328)

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(I) Compliance with FRS 134: Interim Financial Reporting

1. Corporate information

The Company is a public limited company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors.

2. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134 (Interim Financial Reporting) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS"). The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of DKSH Holdings (Malaysia) Berhad group of companies ("the Group") for the year ended 31 December 2011.

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 *First Time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position and financial performance is set out in Note 3 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

3. Significant accounting policies and applications of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies and applications of MFRS 1 (continued)

(a) Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standards IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group had recorded certain buildings at revalued amounts, but had not adopted a policy of revaluation, and continued to carry those buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and the requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of the transition to MFRS, the Group elected to:

- i. regard the valuation of the leasehold land and buildings as at 1997 as the deemed cost at date of revaluation as this amount was broadly comparable to fair value at that date. The revaluation surplus of RM 13,505,000 (31 March 2011: RM 13,505,000; 31 December 2011: RM 13,505,000) was transferred to retained earnings on the date of transition to MFRS.
- ii. the deferred tax liability on the revaluation reserve amounting to RM 7,144,000 at the date of transition was transferred from deferred tax liability to retained earnings on the date of transition. The reversal of the deferred tax liability on amortisation of the revaluation of the leasehold land and building was similarly adjusted in the Statement of Comprehensive Income for the period ended 31 March 2011 and 31 December 2011 amounting to RM 62,000 and RM 248,000 respectively.

(b) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM 27,000 (31 March 2011: RM 27,000; 31 December 2011: RM 27,000) were adjusted to retained earnings.

The reconciliations of equity and total comprehensive income for the comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies and applications of MFRS 1 (continued)

Reconciliation of equity as at 1 January 2011

		Note 3a(i)	Note 3a(ii)	Note 3b	
	FRS as at 1 January 2011	Property, plant and equipment	Deferred tax liability	Foreign currency translation reserve	MFRS as at 1 January 2011
	RM'000	RM'000	RM'000	RM'000	RM'000
Non Current Assets					
Property, plant and equipment	53,402				53,402
Intangible assets	9,862				9,862
Available for sale financial assets	62				62
Deferred tax assets	6,832				6,832
	<u>70,158</u>				<u>70,158</u>
Current Assets					
Inventories	313,655				313,655
Trade and other receivables	590,850				590,850
Derivative financial instrument	0				0
Deposits, bank and cash balances	132,942				132,942
	<u>1,037,447</u>				<u>1,037,447</u>
Total Assets	<u>1,107,605</u>				<u>1,107,605</u>
Equity					
Ordinary share capital	157,658				157,658
Share premium	24,514				24,514
Revaluation reserve	13,505	(13,505)			0
Available for sale reserve	22				22
Foreign currency translation reserve	(27)			27	0
Retained earnings	(10,763)	13,505	7,144	(27)	9,859
Equity attributable to owners of parent	184,909				192,053
Non controlling interest	16,775				16,775
	<u>201,684</u>				<u>208,828</u>

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies and applications of MFRS 1 (continued)

Reconciliation of equity as at 1 January 2011 (continued)

		Note 3a(i)	Note 3a(ii)	Note 3b	
	FRS as at 1 January 2011	Property, plant and equipment	Deferred tax liability	Foreign currency translation reserve	MFRS as at 1 January 2011
	RM'000	RM'000	RM'000	RM'000	RM'000
Current Liabilities					
Trade and other payables	653,930				653,930
Derivative financial instrument	1,062				1,062
Borrowings	161,772				161,772
Taxation	1,987				1,987
	<u>818,751</u>				<u>818,751</u>
Non current Liabilities					
Borrowings	68,870				68,870
Post employment benefit obligation	10,496				10,496
Long term liabilities	289				289
Deferred tax liabilities	7,515		(7,144)		371
	<u>87,170</u>				<u>80,026</u>
Total Liabilities	<u>905,921</u>				<u>898,777</u>
Total Equity and Liabilities	<u>1,107,605</u>				<u>1,107,605</u>

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies and applications of MFRS 1 (continued)

Reconciliation of equity as at 31 March 2011

	FRS as at 31 March 2011 RM'000	Note 3a(i) Property, plant and equipment RM'000	Note 3a(ii) Deferred tax liability RM'000	Note 3b Foreign currency translation reserve RM'000	MFRS as at 31 March 2011 RM'000
Non Current Assets					
Property, plant and equipment	51,774				51,774
Intangible assets	9,618				9,618
Available for sale financial assets	62				62
Deferred tax assets	7,137				7,137
	<u>68,591</u>				<u>68,591</u>
Current Assets					
Inventories	282,008				282,008
Trade and other receivables	672,035				672,035
Derivative financial instrument	0				0
Deposits, bank and cash balances	75,512				75,512
	<u>1,029,555</u>				<u>1,029,555</u>
Total Assets	<u>1,098,146</u>				<u>1,098,146</u>
Equity					
Ordinary share capital	157,658				157,658
Share premium	24,514				24,514
Revaluation reserve	13,505	(13,505)			0
Available for sale reserve	22				22
Foreign currency translation reserve	(23)			27	4
Retained earnings	(86)	13,505	7,082	(27)	20,474
Equity attributable to owners of parent	195,590				202,672
Non controlling interest	17,809				17,809
	<u>213,399</u>				<u>220,481</u>

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(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies and applications of MFRS 1 (continued)

Reconciliation of equity as at 31 March 2011 (continued)

	FRS as at 31 March 2011 RM'000	Note 3a(i) Property, plant and equipment RM'000	Note 3a(ii) Deferred tax liability RM'000	Note 3b Foreign currency translation reserve RM'000	MFRS as at 31 March 2011 RM'000
Current Liabilities					
Trade and other payables	695,454				695,454
Derivative financial instrument	291				291
Borrowings	89,894				89,894
Taxation	4,463				4,463
	<u>790,102</u>				<u>790,102</u>
Non current Liabilities					
Borrowings	76,530				76,530
Post employment benefit obligation	10,478				10,478
Long term liabilities	289				289
Deferred tax liabilities	7,348		(7,082)		266
	<u>94,645</u>				<u>87,563</u>
Total Liabilities	<u>884,747</u>				<u>877,665</u>
Total Equity and Liabilities	<u>1,098,146</u>				<u>1,098,146</u>

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies and applications of MFRS 1 (continued)

Reconciliation of equity as at 31 December 2011

	FRS as at 31 December 2011 RM'000	Note 3a(i) Property, plant and equipment RM'000	Note 3a(ii) Deferred tax liability RM'000	Note 3b Foreign currency translation reserve RM'000	MFRS as at 31 December 2011 RM'000
Non Current Assets					
Property, plant and equipment	50,527				50,527
Intangible assets	8,886				8,886
Available for sale financial assets	69				69
Deferred tax assets	4,275				4,275
	<u>63,757</u>				<u>63,757</u>
Current Assets					
Inventories	382,101				382,101
Trade and other receivables	681,563				681,563
Derivative financial instrument	0				0
Deposits, bank and cash balances	112,726				112,726
	<u>1,176,390</u>				<u>1,176,390</u>
Total Assets	<u>1,240,147</u>				<u>1,240,147</u>
Equity					
Ordinary share capital	157,658				157,658
Share premium	24,514				24,514
Revaluation reserve	13,505	(13,505)			0
Available for sale reserve	29				29
Foreign currency translation reserve	(12)			27	15
Retained earnings	26,488	13,505	6,896	(27)	46,862
Equity attributable to owners of parent	<u>222,182</u>				<u>229,078</u>
Non controlling interest	17,977				17,977
	<u>240,159</u>				<u>247,055</u>

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies and applications of MFRS 1 (continued)

Reconciliation of equity as at 31 December 2011 (continued)

	FRS as at 31 December 2011 RM'000	Note 3a(i) Property, plant and equipment RM'000	Note 3a(ii) Deferred tax liability RM'000	Note 3b Foreign currency translation reserve RM'000	MFRS as at 31 December 2011 RM'000
Current Liabilities					
Trade and other payables	764,764				764,764
Derivative financial instrument	106				106
Borrowings	154,831				154,831
Taxation	4,282				4,282
	<u>923,983</u>				<u>923,983</u>
Non current Liabilities					
Borrowings	56,955				56,955
Post employment benefit obligation	11,561				11,561
Long term liabilities	289				289
Deferred tax liabilities	7,200		(6,896)		304
	<u>76,005</u>				<u>69,109</u>
Total Liabilities	<u>999,988</u>				<u>993,092</u>
Total Equity and Liabilities	<u>1,240,147</u>				<u>1,240,147</u>



DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies and applications of MFRS 1 (continued)

Reconciliation of Total Comprehensive Income

	Note 3a(ii)		Note 3a(ii)		MFRS 31 December 2011 RM'000	Deferred tax liability RM'000	MFRS 31 March 2011 RM'000	FRS 31 December 2011 RM'000	MFRS 31 December 2011 RM'000
	FRS 31 March 2011 RM'000	Deferred tax liability RM'000	FRS 31 March 2011 RM'000	Deferred tax liability RM'000					
Revenue	1,071,312		1,071,312		4,260,749		1,071,312	4,260,749	4,260,749
Operating Expenses	(1,054,514)		(1,054,514)		(4,192,312)		(1,054,514)	(4,192,312)	(4,192,312)
Other Operating Income	984		984		6,555		984	6,555	6,555
Profit from Operations	17,782		17,782		74,992		17,782	74,992	74,992
Finance cost	(1,845)		(1,845)		(7,305)		(1,845)	(7,305)	(7,305)
Profit before taxation	15,937		15,937		67,687		15,937	67,687	67,687
Taxation	(4,226)		(4,288)	(62)	(18,567)	(248)	(4,288)	(18,567)	(18,815)
Net profit for the period	11,711		11,649		49,120		11,649	49,120	48,872
Other comprehensive income:-									
- Currency Translation differences arising from consolidation	4		4		15		4	15	15
- Gain on fair value changes on available for sale	-		-		7		-	7	7
Total comprehensive income	11,715		11,653		49,142		11,653	49,142	48,894

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies and applications of MFRS 1 (continued)

Reconciliation of Total Comprehensive Income (continued)

	Note 3a(i)		Note 3a(ii)			
	FRS 31 March 2011 RM'000	Deferred tax liability RM'000	MFRS 31 March 2011 RM'000	FRS 31 December 2011 RM'000	Deferred tax liability RM'000	MFRS 31 December 2011 RM'000
Net profit attributable to:						
Owners of the parent	10,677		10,615	44,346		44,098
Non controlling interest	1,034		1,034	4,774		4,774
Net profit for the period	<u>11,711</u>		<u>11,649</u>	<u>49,120</u>		<u>48,872</u>
Total comprehensive income attributable to:						
Owners of the parent	10,681		10,619	44,368		44,120
Non controlling interest	1,034		1,034	4,774		4,774
Total comprehensive income	<u>11,715</u>		<u>11,653</u>	<u>49,142</u>		<u>48,894</u>

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. 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 2011 was not qualified.

5. 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.

6. 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.

7. Material Changes in Estimates

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

8. Changes in Debt and Equity Securities

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

9. Dividend Paid

No dividend was paid in the quarter ended 31 March 2012.

10. Segment Information

The Group's segmental information for the financial quarters ended 31 March 2012 and 31 March 2011 is presented separately in the attached pdf file.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Profit before tax

Included in the profit before tax are the following items:	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM'000	RM'000	RM'000	RM'000
Depreciation	2,202	2,328	2,202	2,328
Amortisation of trademark	244	244	244	244
Gain on derivatives	(194)	(771)	(194)	(771)
Rental Income	96	97	96	97
Impairment of assets	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(30)	(44)	(30)	(44)
Interest expenses	1,959	1,845	1,959	1,845
Gain/loss on disposal of quoted/unquoted investment	-	-	-	-
Write-back for impairment of trade receivables	293	777	293	777
Inventories written off	1,681	2,020	1,681	2,020
Allowance for inventory obsolescence	113	484	113	484

12. 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.

13. 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 31 March 2012.

14. Changes in the Composition of the Group

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

15. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the quarter ended 31 March 2012 and up to 25 May 2012.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
16. Capital Commitments

Authorised capital commitments not provided for in this interim financial report as at 31 March 2012 are as follows:

	RM'000
Contracted	1,267
Not contracted	-
	<u>1,267</u>
Analysed as follows:	
- Property, plant and equipment	<u>1,267</u>

17. Related Party Disclosures

The following table provides information on significant transactions which have been entered into with related parties during the three-month period ended 31 March 2012 and 31 March 2011 as well as the balances with the related parties as at 31 March 2012 and 31 December 2011:

	Current Financial Year 31/03/2012 RM'000	Preceding Financial Year 31/03/2011 RM'000	Intercompany balances - due from / (to)	
			31/03/2012 RM'000	31/12/2011 RM'000
(a) Sale of goods and services:				
Sale of services:				
- related company (goods)	12,828	-	15,282	5,554
- related company (rental)	96	96	-	-
- related company (human resource charges)	111	68	33	73
	<u>13,035</u>	<u>164</u>	<u>15,315</u>	<u>5,627</u>
(b) Purchase of goods and services:				
Purchase of services:				
- related company (goods)	12,423	10,409	(5,624)	(5,921)
- related company (management fee)	864	1,017	(888)	(953)
- related company (information technology charges)	2,567	2,039	(162)	(633)
- other related party (rental)	3,143	3,143	-	-
Others (interest):				
- intermediate holding company	271	231	(86)	(92)
	<u>19,268</u>	<u>16,839</u>	<u>(6,760)</u>	<u>(7,599)</u>

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Related Party Disclosures (continued)

The amounts receivable or payable between related parties are unsecured, non-interest bearing and carry credit terms between 30 to 90 days.

Of the total outstanding balances from related parties for sales of goods, RM 2,922,000 was overdue by less than 60 days as at 31 March 2012. The overdue amount was fully settled on 13 April 2012.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA
MALAYSIA SECURITIES BERHAD – 1st QUARTER ENDED 31 MARCH 2012**

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

1. Review of performance

Revenues for the first quarter 2012 increased by 4.9% to RM 1.12 billion compared to the first quarter of 2011 and grew by 7.8% compared to the fourth quarter 2011. Profit before tax increased by 3.3% compared to the first quarter of 2011 to RM 16.46 million, while Group PAT remained almost unchanged at RM 11.7 million based on year-on-year comparison.

The Group's positive growth in revenues and profit before tax needs to be seen in the light of the strong first quarter 2011. PAT growth in the first quarter was flat compared to the same period of 2011 as a larger percentage of revenue growth was contributed by lower margin business and the Group invested in human resources to ensure future growth.

Impacting margins were an earlier Chinese New Year in 2012, which resulted in festive sales particularly of higher margin products at the end of 2011.

Total operating expenses, which remain closely managed, increased by 5.0% compared to the first quarter of 2011.

The three reported business segments for the Group remain (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 services. The service portfolio ranges from marketing and sales, to distribution and logistics, invoicing and credit control, handling of inventory and trade returns, and other value added services.

Segmental revenues grew by 7.6% to RM 514.71 million in comparison to the first quarter 2011, or a growth of 10.1% compared to the immediately preceding fourth quarter 2011. This reflects a good sales performance considering the loss of a confectionery client at the end of 2011. Lower margin clients contributed more to sales performance, while operating expenses remained under control. The successful business development is further expected to contribute more substantially from the second quarter 2012 onwards.

On this basis, the operating result grew by 17.1% to RM 10.85 million over the first quarter 2011.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Logistics Services

Under the segment Logistics Services, the Group focuses on supply chain services ranging from import, to forwarding, warehousing and distribution, order processing, and sales collections. Sales and marketing services for clients in this segment are not usually provided by DKSH, but are generally run by the clients. The businesses represented under this segment are parts of Business Units Healthcare and Consumer Goods, which are entirely supply chain focused, specifically the telephone card business, as well as the transport and freight forwarding business.

Segmental revenues increased by 2.5% compared to the first quarter of 2011 to RM 596.49 million and 6.6% compared to the fourth quarter 2011. While revenue performance in the Healthcare business remained strong, lower sales performance in the telephone card business contributed to a modest revenue growth in this segment. Moreover, investments to strengthen the management team in DKSH Transport Agencies and the discontinuation of the cargo consolidation business in the second part of 2011 impacted performance.

Based on this segment's modest sales performance and investments in employees, which affected personnel costs, the segmental result amounted to RM 6.16 million for the quarter, a decline of 16.2% compared to the good first quarter 2011.

Others

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

Leveraging off festive sales for Chinese New Year, Famous Amos commenced well into the year recording revenues of RM 12.50 million, a growth of 14.1% compared to Q1 2011. Compared to the exceptional fourth quarter 2011, which was fuelled by Christmas sales and first sales for Chinese New Year, revenues came in 22.1% lower, which is in line with previous years trends.

On the basis of good revenue performance, the segmental result for the first quarter 2012 amounted to RM 1.42 million, an increase of 20.8% compared to the same quarter of 2011.

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

The fourth quarter 2011 was positively affected by Christmas and an early Chinese New Year in 2012, which in turn impacted the first quarter 2012. Furthermore, during the fourth quarter 2011 the Group lost a client, while new business development is expected to compensate for this loss. The changes in profit before taxation compared to the immediately preceding quarter reflect common business trends for the Group.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Prospects

The fundamentals of the business remain solid. The Group has a well diversified portfolio of clients and customers, as well as a strong sales, marketing and distribution infrastructure with capillary distribution reach. It offers a comprehensive portfolio of services along the entire value chain, customized and tailor-made to business partners' specific needs. Furthermore, operational risk management processes and controls, supported by an industry leading IT system, continue to support the business. The inherent industry challenges, with changes in clients and customers, are however closely monitored and managed, although these provide temporary challenges.

Within the Marketing and Distribution services segment, both new confectionery and other clients have been signed up in recent months in order to compensate for the loss of a confectionery client and drive further growth. Furthermore, new business development remains an integral part of the Group's strategy. It is expected that new clients will more materially contribute to improved performance from the second quarter 2012 onwards.

Within the Logistics segment, the Group has also successfully signed a distribution agreement for extended territories for the telephone card business, which will improve revenues for this business from the second quarter 2012 onwards. Separately, the healthcare business continues its focus on operational excellence and business development. Moreover, the investments in the leadership team of DKSH Transport Agencies are expected to result in further profitable growth of this business.

Famous Amos has commenced the year well. The continued retail expansion is further expected to support the growth of this business, whilst the focus on processes and operational efficiencies continues.

In line with the business model, the Group's stringent hedging processes, and the fact that certain suppliers cover foreign exchange risks, forex fluctuations are not expected to have a significant impact on the Group in the next quarters.

Two market trends additionally support a positive medium to long term outlook for the Group. Firstly, the growing middle class in Malaysia supports the demand for consumer goods and pharmaceutical products. Secondly, manufacturers focus increasingly on core competencies and seek specialized service providers in order to grow the market for and with them.

The Group will continue to implement its strategy for growth, growing organically with existing business partners and through business development.

In summary, the Group's performance is expected to continue on a positive path. The already successfully concluded business development initiatives will further support this growth.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

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 31 March 2012 RM'000	Qtr Ended 31 March 2011 RM'000	YTD Qtr Ended 31 March 2012 RM'000	YTD Qtr Ended 31 March 2011 RM'000
Current year	5,128	4,694	5,128	4,694
Deferred tax	(384)	(406)	(384)	(406)
	4,744	4,288	4,744	4,288

6. Status of Corporate Proposals Announced

There were no corporate proposals announced during the quarter under review.

7. Group Borrowings and Debt Securities

Short Term Borrowings

**Qtr Ended 31
March 2012**

Unsecured and fully denominated in Ringgit Malaysia:

	RM'000
Bankers' acceptances	107,231
Promissory notes	50,935
Term loans	20,000
Others	28
	178,194

Long Term Borrowings

Unsecured and fully denominated in Ringgit Malaysia:

	RM'000
Fixed rate term loan	30,000
Advances from holding companies	25,975
Others	28
	55,975

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Disclosure of Derivatives

Type of derivatives	Contract / Notional value 31/03/2012 RM'000	Fair Value 31/03/2012 RM'000
Foreign exchange contracts - less than 1 year	17,914	18,001
Total	17,914	18,001

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.

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 Treasury policy.

The Group's open foreign exchange contracts have been fair valued using the current market rates as at 31 March 2012 resulting in a unrealized derivative gain of RM 0.1 million. In total, unrealized gains on forward contracts amounting to RM 0.2 million have been charged to the statement of comprehensive income for the quarter to date reversing the position as at 31 December 2011.

The current unrealized derivative gain of RM 0.2 million arose due to a stronger EUR and CHF as at 31 March 2012.

9. Changes in Material Litigation

There was no change in material litigation since the date of the last annual statement of financial position and up to 25 May 2012.

10. Dividend Proposed or Declared

No dividend has been declared by the Board of Directors during the current quarter.

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Earnings Per Share

- (a) The earnings used as the numerator in calculating basic and diluted earnings per share for the current quarter and current year-to-date are RM 10,955,000 and RM 10,955,000 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.

12. Disclosure of Realised and Unrealised Profits/Losses

	Current Financial Year 31/03/2012	As at the end of last Financial Year 31/12/2011
	RM'000	RM'000
Total retained profits of DKSH Holdings (Malaysia) Berhad and its subsidiaries:		
- Realised	66,978	57,019
- Unrealised	17,361	16,888
	<hr/> 84,339	<hr/> 73,907
Less : consolidated adjustments	(26,522)	(27,045)
Total group retained profits as per financial statements	<hr/> 57,817	<hr/> 46,862