

**DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)**

(Incorporated in Malaysia)

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended 30 September 2012

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2011 RM'000	CURRENT YEAR TO DATE 30/09/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2011 RM'000
1 Revenue	1,196,437	1,091,536	3,536,468	3,217,962
2 Operating expenses	(1,178,409)	(1,076,024)	(3,480,256)	(3,167,392)
3 Other operating income	1,267	2,556	5,074	5,185
4 Profit from operations	19,295	18,068	61,286	55,755
5 Finance cost	(1,927)	(1,779)	(5,852)	(5,312)
6 Profit before taxation	17,368	16,289	55,434	50,443
7 Taxation	(4,471)	(4,361)	(16,094)	(13,765)
8 Net profit for the period	12,897	11,928	39,340	36,678
9 Other comprehensive income:-				
- Currency Translation differences arising from consolidation	1	(2)	-	25
- Gain on fair value changes on available for sale				
10 Total comprehensive income	12,898	11,926	39,340	36,703
11 Net profit attributable to:				
Owners of the parent	11,815	10,469	36,452	32,907
Non controlling interest	1,082	1,459	2,888	3,771
Net profit for the period	12,897	11,928	39,340	36,678
12 Total comprehensive income attributable to:				
Owners of the parent	11,816	10,467	36,452	32,932
Non controlling interest	1,082	1,459	2,888	3,771
Total comprehensive income	12,898	11,926	39,340	36,703
13 Earnings per share based on 11 above after				
(i) Basic (See Note 1 below) (sen)	7.49	6.64	23.12	20.87
(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 2011

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AS AT END OF CURRENT QUARTER  30/09/2012 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END  31/12/2011 RM'000
<b>1 Non Current Assets</b>		
Property, plant and equipment	47,511	50,527
Intangible assets	8,154	8,886
Available for sale financial assets	69	69
Deferred tax assets	5,007	4,275
	<u>60,741</u>	<u>63,757</u>
<b>2 Current Assets</b>		
Inventories	404,347	382,101
Trade and other receivables	817,786	681,563
Derivative financial instrument	0	0
Deposits, bank and cash balances	60,793	112,726
	<u>1,282,926</u>	<u>1,176,390</u>
<b>3 Total Assets</b>	<u><b>1,343,667</b></u>	<u><b>1,240,147</b></u>
<b>4 Equity</b>		
Ordinary share capital	157,658	157,658
Share premium	24,514	24,514
Available for sale reserve	29	29
Foreign currency translation reserve	15	15
Retained earnings	72,278	46,862
Equity attributable to owners of parent	<u>254,494</u>	<u>229,078</u>
Non controlling interest	16,895	17,977
	<u><b>271,389</b></u>	<u><b>247,055</b></u>
<b>5 Current Liabilities</b>		
Trade and other payables	813,513	764,764
Derivative financial instrument	344	106
Borrowings	203,636	154,831
Taxation	7,152	4,282
	<u>1,024,645</u>	<u>923,983</u>
<b>6 Non current Liabilities</b>		
Borrowings	34,455	56,955
Post employment benefit obligation	12,497	11,561
Long term liabilities	289	289
Deferred tax liabilities	392	304
	<u>47,633</u>	<u>69,109</u>
<b>7 Total Liabilities</b>	<u><b>1,072,278</b></u>	<u><b>993,092</b></u>
<b>8 Total Equity and Liabilities</b>	<u><b>1,343,667</b></u>	<u><b>1,240,147</b></u>
<b>9 Net assets per share attributable to ordinary equity holders of the company (RM)</b>	<u><b>1.6142</b></u>	<u><b>1.4530</b></u>

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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

	Issued and fully paid ordinary shares of RM1 each		Attributable to owners of the parent					Non controlling interest	Total Equity
			Non-distributable			Foreign			
			Share premium on ordinary shares	Revaluation reserves	Available for sale reserve	currency translation reserve	Accumulated profits		
	No of shares	Nominal value	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>QUARTER ENDED 30 September 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	-	-	-	-	-	-	36,452	2,888	39,340
Dividends	-	-	-	-	-	-	(11,036)	(3,970)	(15,006)
At 30 September 2012	157,658	157,658	24,514	-	29	15	72,278	16,895	271,389
<u>QUARTER ENDED 30 September 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	-	-	-	-	-	25	32,907	3,771	36,703
Dividends	-	-	-	-	-	-	(7,096)	(3,572)	(10,668)
At 30 September 2011	157,658	157,658	24,514	-	22	25	35,670	16,974	234,863

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.

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## QUARTERLY REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW  
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	Period ended 30/09/12	Period ended 30/09/11
	<u>RM'000</u>	<u>RM'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive income attributable to owners of the parent	36,452	32,932
Adjustments for non cash flows:		
Depreciation	6,841	6,920
Amortisation of trademark	732	732
Loss/(gain) on derivatives	238	(1,404)
Interest income	(113)	(133)
Interest expenses	5,852	5,312
Tax expenses	16,094	13,765
Write back/(impairment) of trade receivables	1,531	(771)
Inventories written off	3,917	5,509
Allowance for inventory obsolescence	(682)	(725)
Accruals for post-employment benefits obligations	1,564	1,090
Non-controlling interests	2,888	3,771
Other non cash items	16	(83)
Operating profit before changes in working capital	<u>75,330</u>	<u>66,915</u>
Changes in working capital:		
Inventories	(25,611)	(67,181)
Trade and other receivables	(137,759)	(117,293)
Trade and other payables and provisions	49,181	104,800
	<u>(114,189)</u>	<u>(79,674)</u>
Interest paid	(5,904)	(5,312)
Interest received	113	133
Tax paid	(13,961)	(6,613)
Other non operating expenses	(773)	(812)
<b>Net cashflow from operating activities</b>	<u><b>(59,384)</b></u>	<u><b>(25,363)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Other investments	(3,812)	(3,353)
<b>Net cashflow from investing activities</b>	<u><b>(3,812)</b></u>	<u><b>(3,353)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings	26,269	(22,105)
Dividend paid	(15,006)	(10,667)
<b>Net cashflow from financing activities</b>	<u><b>11,263</b></u>	<u><b>(32,772)</b></u>
<b>NET DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<u><b>(51,933)</b></u>	<u><b>(61,488)</b></u>
CASH AND CASH EQUIVALENTS B/F	112,726	132,942
<b>CASH AND CASH EQUIVALENTS C/F</b>	<u><u><b>60,793</b></u></u>	<u><u><b>71,454</b></u></u>
Note : Cash and cash equivalents comprise of :-		
Deposits, bank and cash balances	60,793	71,454
Bank overdraft	-	-
	<u><u><b>60,793</b></u></u>	<u><u><b>71,454</b></u></u>

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

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

**SEGMENTAL INFORMATION**

	<u>Marketing &amp; 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
<b>For the Period Ended 30 September 2012</b>									
<b>Revenue</b>									
Total revenue	1,556,358	1,941,386	38,724						3,536,468
<b>Results</b>									
Segment result	32,881	23,373	5,032						61,286
Finance cost									(5,852)
Profit from ordinary activities before tax									55,434
<b>At 30 September 2012</b>									
<b>Other Information</b>									
Segment assets	684,096	523,070	48,380						1,255,546
Unallocated assets									88,121
Total assets									1,343,667
Segment liabilities	(298,484)	(417,354)	(1,081)						(716,919)
Unallocated liabilities									(355,359)
Total liabilities									(1,072,278)
Capital expenditure	1,410	1,081	1,337						3,828
Depreciation	(2,675)	(974)	(3,192)						(6,841)

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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 &amp; Distribution</u>		<u>Logistics</u>		<u>Consolidated</u>
	<u>Services</u>	<u>Services</u>	<u>Services</u>	<u>Others</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>For the Period Ended 30 September 2011</b>					
<b>Revenue</b>					
Total revenue	1,432,965	1,749,866	35,131		3,217,962
<b>Results</b>					
Segment result	28,027	23,600	4,128		55,755
Finance cost					(5,312)
Profit from ordinary activities before tax					50,443
<b>At 30 September 2011</b>					
<b>Other Information</b>					
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					(307,860)
Total liabilities					(986,247)
Capital expenditure	1,574	784	1,292		3,650
Depreciation	(3,051)	(802)	(3,067)		(6,920)

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**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”)**

The condensed consolidated interim financial statements for the period ended 30 September 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, DKSH Holdings (Malaysia) Berhad group of companies (“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 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:

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**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 the date of revaluation as this amount was broadly comparable to the fair value at that date. The revaluation surplus of RM 13,505,000 (30 September 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. transfer the revaluation reserve amounting to RM 7,144,000 at the date of transition 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 30 September 2011 and 31 December 2011 amounting to RM 186,000 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 the date of transition to MFRS, the cumulative foreign currency translation differences of RM 27,000 (30 September 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:



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**3. Significant Accounting Policies and Applications of MFRS 1 (continued)**

Reconciliation of equity as at 30 September 2011

		Note 3a(i)	Note 3a(ii)	Note 3b	
	FRS as at 30 September 2011 RM'000	Property, plant and equipment RM'000	Deferred tax liability RM'000	Foreign currency translation reserve RM'000	MFRS as at 30 September 2011 RM'000
<b>Non Current Assets</b>					
Property, plant and equipment	49,937				49,937
Intangible assets	9,130				9,130
Available for sale financial assets	62				62
Deferred tax assets	5,852				5,852
	<u>64,981</u>				<u>64,981</u>
<b>Current Assets</b>					
Inventories	375,889				375,889
Trade and other receivables	708,444				708,444
Derivative financial instrument	342				342
Deposits, bank and cash balances	71,454				71,454
	<u>1,156,129</u>				<u>1,156,129</u>
<b>Total Assets</b>	<b><u>1,221,110</u></b>				<b><u>1,221,110</u></b>
<b>Equity</b>					
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	(2)			27	25
Retained earnings	15,234	13,505	6,958	(27)	35,670
Equity attributable to owners of the parent	210,931				217,889
Non controlling interest	16,974				16,974
<b>Total Equity</b>	<b><u>227,905</u></b>				<b><u>234,863</u></b>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3. Significant Accounting Policies and Applications of MFRS 1 (continued)**

Reconciliation of equity as at 30 September 2011 (continued)

		Note 3a(i)	Note 3a(ii)	Note 3b	
	FRS as at 30 September 2011 RM'000	Property, plant and equipment RM'000	Deferred tax liability RM'000	Foreign currency translation reserve RM'000	MFRS as at 30 September 2011 RM'000
<b>Current Liabilities</b>					
Trade and other payables	758,424				758,424
Derivative financial instrument	0				0
Borrowings	125,520				125,520
Taxation	7,812				7,812
	<u>891,756</u>				<u>891,756</u>
<b>Non Current Liabilities</b>					
Borrowings	83,050				83,050
Post employment benefit obligation	10,774				10,774
Long term liabilities	289				289
Deferred tax liabilities	7,336		(6,958)		378
	<u>101,449</u>				<u>94,491</u>
<b>Total Liabilities</b>	<u><b>993,205</b></u>				<u><b>986,247</b></u>
<b>Total Equity and Liabilities</b>	<u><b>1,221,110</b></u>				<u><b>1,221,110</b></u>



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3. Significant Accounting Policies and Applications of MFRS 1 (continued)**

Reconciliation of Total Comprehensive Income

	Note 3a(i)		Note 3a(ii)		
	Current Quarter 3 months ended		Cumulative Year to Date 9 months ended		
	FRS 30 September 2011 RM'000	Deferred tax liability RM'000	MFRS 30 September 2011 RM'000	Deferred tax liability RM'000	MFRS 30 September 2011 RM'000
Revenue	1,091,536		1,091,536		3,217,962
Operating expenses	(1,076,024)		(1,076,024)		(3,167,392)
Other operating income	2,556		2,556		5,185
Profit from operations	18,068		18,068		55,775
Finance cost	(1,779)		(1,779)		(5,312)
Profit before taxation	16,289		16,289		50,443
Taxation	(4,299)	(62)	(4,361)	(186)	(13,765)
Net profit for the period	11,990		11,928		36,678
Other comprehensive income:-					
- Currency translation differences arising from consolidation	(2)		(2)		25
- Gain on fair value on available for sale					36,703
Total comprehensive income	11,988		11,926		36,703



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3. Significant Accounting Policies and Applications of MFRS 1 (continued)**

Reconciliation of Total Comprehensive Income (continued)

	Note 3a(ii)		Note 3a(ii)		
	Current Quarter 3 months ended		Cumulative Year to Date 9 months ended		
	FRS 30 September 2011 RM'000	Deferred tax liability RM'000	MFRS 30 September 2011 RM'000	FRS 30 September 2011 RM'000	MFRS 30 September 2011 RM'000
Net profit attributable to:					
Owners of the parent	10,531		10,469	33,093	32,907
Non controlling interest	1,459		1,459	3,771	3,771
Net profit for the period	<u>11,990</u>		<u>11,928</u>	<u>36,864</u>	<u>36,678</u>
Total comprehensive income attributable to:					
Owners of the parent	10,529		10,467	33,118	32,932
Non controlling interest	1,459		1,459	3,771	3,771
Total comprehensive income	<u>11,988</u>		<u>11,926</u>	<u>36,889</u>	<u>36,703</u>

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**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 Flows**

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 interim dividend was paid in the quarter ended 30 September 2012. A final single-tier dividend of 7 sen per ordinary share of RM1 each was paid on 17 August 2012 for the year ended 31 December 2011. In comparison, the dividend paid for the year ended 31 December 2010 was a single-tier dividend of 4.5 sen per ordinary share of RM1 each paid on 18 August 2011.

**10. Segment Information**

The Group's segmental information for the financial quarters ended 30 September 2012 and 30 September 2011 is presented separately in this interim financial report.

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**11. Profit before Tax**

The following items are included in profit before tax:

	Current quarter 3 months ended		Cumulative Year to Date 9 months ended	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Depreciation	2,349	2,331	6,841	6,920
Amortisation of trademark	244	244	732	732
Loss / (gain) on derivatives	482	(420)	238	(1,404)
Rental income	96	96	288	288
Impairment of assets	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(60)	(45)	(113)	(133)
Interest expenses	1,927	1,779	5,852	5,312
(Gain) / loss on disposal of quoted/unquoted investment	-	-	-	-
Allowance / (write back) for impairment of trade receivables	2,041	96	1,531	(771)
Inventories written off	992	2,020	3,917	5,509
Allowance / (write back) for inventory obsolescence	44	(406)	(682)	(725)

**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 30 September 2012.

**14. Changes in the Composition of the Group**

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

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**15. Related Party Disclosures**

The following table provides information on significant transactions which have been entered into with related parties during the nine-month period ended 30 September 2012 and 30 September 2011 as well as the balances with the related parties as at 30 September 2012 and 31 December 2011:

	Current	Preceding	Intercompany balances -	
	Financial Year 30/09/2012 RM'000	Financial Year 30/09/2011 RM'000	due from / (to) 30/09/2012 RM'000	31/12/2011 RM'000
<b>Sale of goods and services:</b>				
- related company (goods)	31,316	557	3,957	5,554
- related company (rental)	288	288	-	-
- related company (human resource charges)	441	264	35	73
	<u>32,045</u>	<u>1,109</u>	<u>3,992</u>	<u>5,627</u>
<b>Purchase of goods and services:</b>				
- related company (goods)	47,950	38,384	(7,864)	(5,921)
- related company (management fee)	1,768	2,800	(850)	(953)
- related company (information technology charges)	8,178	7,156	(175)	(633)
- other related party (rental)	9,429	9,429	-	-
<b>Others (interest):</b>				
- immediate holding company	46	-	(36)	-
- intermediate holding company	800	825	(83)	(92)
	<u>68,171</u>	<u>58,594</u>	<u>(9,008)</u>	<u>(7,599)</u>

The amounts receivable or payable between related parties are unsecured, non-interest bearing and carry credit terms between 30 to 90 days. There were no overdue balances from related parties as at 30 September 2012.

**16. Changes in Contingent Liabilities or Contingent Assets**

There were no changes in contingent liabilities or contingent assets since the quarter ended 30 September 2012 and up to 23 November 2012.

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**17. Capital Commitments**

Authorised capital commitments not provided for in this interim financial report as at 30 September 2012 are as follows:

	RM'000
Contracted	1,064
Not contracted	-
	<hr/> 1,064
Analysed as follows:	
- Property, plant and equipment	<hr/> 1,064

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA  
MALAYSIA SECURITIES BERHAD – 3<sup>RD</sup> QUARTER ENDED 30 SEPTEMBER 2012**

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

**1. Review of Performance**

The Group has continued on the positive path set in the earlier quarters of 2012. Revenues increased by 9.6% from RM 1.09 billion in the third quarter of 2011 to RM 1.20 billion for the same quarter of 2012. As compared to the strong second quarter of 2012, revenues declined by 1.6%. However, compared to the first nine months of 2011, revenues grew by 9.9%.

Similar to earlier quarters, all three reported segments contributed to the positive revenue growth, whilst organic business growth of existing clients provided the key driver. Furthermore, new clients both in Consumer Goods as well as in Healthcare additionally supported the growth.

Total operating expenses, which remain closely managed, increased by 9.9% to RM 3.48 billion compared to the first nine month of 2011. This is in line with expectations and sales growth.

Profit before tax increased by 9.9% from RM 50.4 million in the first nine months of 2011 to RM 55.4 million in the same period of 2012. Profit after tax improved by 7.3% from RM 36.7 million in the first nine months of 2011 to RM 39.3 million in the same period of 2012 due to a tax charge during the second quarter relating to timing differences in prior years.

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 4.3% to RM 517.1 million compared to the third quarter of 2011. Against the immediately preceding strong second quarter of 2012, revenues declined by 1.4%. For the first nine months, revenues grew by 8.6% to RM 1.56 billion. The good revenue performance came from organic growth of existing clients and was further supplemented by growth in new clients obtained in 2011 and promising new business development in 2012. New clients included both international and local manufacturers with product groups ranging from beauty care to confectionery. The successful business development is expected to continue and further assist in revenue growth.

On this basis, the operating result grew by 17.3% to RM 32.9 million in the first nine months of 2012 compared to the corresponding period of 2011.

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**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 the Group 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 14.2% to RM 665.8 million compared to the third quarter of 2011, whilst revenues declined by 2% compared to the immediately preceding strong second quarter of 2012. Compared to the first nine months of 2011, revenues grew by 10.9% to RM 1.94 billion. This strong revenue growth was contributed primarily by organic revenue growth in the Healthcare business, as well as an extension in distribution territories for the telephone card business, which positively supported revenue growth from the second quarter onwards. New clients under the Healthcare business furthermore added to the positive performance.

Investments into strengthening the management team of the DKSH Transport Agencies business and the discontinuation of the cargo consolidation business in the second part of 2011 however affected this segment's performance.

Affected by the latter, operating profits for this segment reduced by 1% to RM 23.4 million in the first nine months of 2012 compared to the corresponding period of 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.

Revenues for this segment improved by 6.2% to RM 13.6 million compared to the third quarter of 2011. Compared to the immediately preceding second quarter, which lacked festive sales, revenues grew 7.8% in line with the Hari Raya festive sales period. Overall, this segment's revenues remain 10.2% ahead of the first nine months of 2011. This revenue performance was also supported by growth in new outlets. Famous Amos now operates 77 retail stores nationwide.

On the basis of good revenue performance, the segmental result increased by 21.9% to RM 5.0 million in the first nine months of 2012 compared to the same period of 2011.

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

The changes in profit before tax performance in the second and third quarter of 2012 are in line with prior year trends. Correspondingly, the second quarter was so far the strongest quarter of the year based on profit before tax. Nevertheless, the third quarter also performed well, although at a lower level than the strong second quarter.

**3. Prospects**

In line with previous comments, the Group continues to maintain a generally positive outlook based on a well diversified portfolio of clients and customers, as well as a strong sales, marketing and distribution infrastructure with capillary distribution reach. The Group 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.

Within the segment Marketing and Distribution services, the focus will remain on growing existing clients. Additionally, new international and local clients have been signed up in recent months and are expected to further support this growth momentum, whilst new business development remains an integral part of the Group's strategy going forward.

Within the segment Logistics services, the successful extension of the distribution territories for the telephone card business will continue to support revenue growth. In the Healthcare business much of the growth will come from existing clients, whilst business development will complement this growth. New clients signed up over recent months will further support sales. Given Healthcare's strong growth over recent years, further projected positive growth, and the respective distribution center operating at nearly full capacity, the Group is planning cost effective expansion plans for a new Healthcare distribution center, details of which will be firmed up over the next months. In line with the Group's strategy and a focus on being an asset-light business model, such facilities would be leased rather than owned.

As for Famous Amos, the continued retail expansion will support the growth of this business.

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. We expect these to be positive macro-economic trends for the Group.

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 positively. The already successfully concluded new business development initiatives are expected to further underline this growth.

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**4. Variance of Actual Profit from Forecast Profit**

The Group did not issue any profit forecast for the year.

**5. Taxation**

	Quarter ended 30 September 2012 RM'000	Quarter ended 30 September 2011 RM'000	Year to Date ended 30 September 2012 RM'000	Year to Date ended 30 September 2011 RM'000
Current year	5,306	2,696	16,739	11,798
Deferred tax	(835)	1,665	(645)	1,967
	<u>4,471</u>	<u>4,361</u>	<u>16,094</u>	<u>13,765</u>

**6. Status of Corporate Proposals Announced**

With reference to the Company's announcements released on 20 June 2012 and 23 October 2012 respectively, the disposal of a piece of leasehold land measuring approximately 83,171 sq. ft. held under Pajakan Negeri 9747, Lot 7 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor together with a single-storey warehouse and a two-storey office building annexed thereto and erected thereon to Absoland Sdn Bhd ("Purchaser") for a total cash consideration of RM 30.0 million ("Consideration") was completed on 23 October 2012.

The balance sum of RM 27.0 million equivalent to 90% of the Consideration has been received from the Purchaser. The gain of RM 21.0 million on the disposal will be accounted for in the quarter ending 31 December 2012.

The status of the utilisation of the proceeds raised from the disposal as at 23 November 2012 is as follows:

Purpose	Proposed utilization (RM)	Actual utilization (RM)	Intended timeframe for utilization	Deviation (RM)
Reduce bank borrowings	29,463,000	29,417,980	Within a year upon receipt of payment	(45,020)
Estimated expenses in relation to the disposal	537,000	582,020	Immediately	45,020
Total	30,000,000	30,000,000		-

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

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**7. Group Borrowings and Debt Securities**

	Quarter ended 30 September 2012 RM'000
<u>Short Term Borrowings</u>	
Unsecured and fully denominated in Ringgit Malaysia:	
- Bankers' acceptances	102,500
- Promissory notes	71,132
- Term loans	30,000
- Others	4
	<u>203,636</u>
<u>Long Term Borrowings</u>	
Unsecured and fully denominated in Ringgit Malaysia:	
- Fixed rate term loan	0
- Advances from holding companies	34,455
- Others	0
	<u>34,455</u>

**8. Disclosure of Derivatives**

Type of derivatives	Contract / Notional	
	Value 30/09/2012 RM'000	Fair Value 30/09/2012 RM'000
Foreign exchange contracts		
- less than 1 year	20,341	19,997
<b>Total</b>	<u>20,341</u>	<u>19,997</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 date of the Statement of Financial Position, 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 Statement of Comprehensive Income.

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 30 September 2012 resulting in a unrealized derivative loss of RM 0.3 million. In total, unrealised losses on forward contracts amounting to RM 0.2 million have been charged to the Statement of Comprehensive Income year-to-date, reversing the position as at 31 December 2011.

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The current unrealized derivative loss of RM 0.3 million arose due to a strengthening of the MYR against USD, AUD and CHF after the date of the respective forex contracts.

**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 23 November 2012.

**10. Dividend Proposed or Declared**

No interim dividend has been proposed or declared during the quarter under review. A final single-tier dividend of 7 sen per ordinary share of RM1 each for the year ended 31 December 2011 was paid on 17 August 2012. In comparison, the dividend paid for the year ended 31 December 2010 included a single-tier dividend of 4.5 sen per ordinary share of RM1 each which was paid on 18 August 2011.

**11. Earnings Per Share**

(a) The earnings used as the numerator in calculating basic and diluted earnings per share for the quarter under review and current year-to-date are RM 11,815,000 and RM 36,452,000 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 30/09/2012 RM'000	As at the end of preceding Financial Year 31/12/2011 RM'000
Total retained profits of DKSH Holdings (Malaysia) Berhad and its subsidiaries:		
- Realised	59,922	57,019
- Unrealised	16,699	16,888
	<hr/> 76,621	<hr/> 73,907
Less : consolidated adjustments	(4,343)	(27,045)
<b>Total group retained profits as per financial statements</b>	<hr/> <b>72,278</b>	<hr/> <b>46,862</b>