

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

(Incorporated in Malaysia)

**QUARTERLY REPORT**

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER  31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER  31/12/2011 RM'000	CURRENT YEAR TO DATE  31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD restated 31/12/2011 RM'000
1 Revenue	1,209,056	1,042,787	4,745,524	4,260,749
2 Operating expenses	(1,181,932)	(1,024,920)	(4,662,188)	(4,192,312)
3 Other operating income	24,519	1,370	29,593	6,555
4 Profit from operations	51,643	19,237	112,929	74,992
5 Finance cost	(1,976)	(1,993)	(7,828)	(7,305)
6 Profit before taxation	49,667	17,244	105,101	67,687
7 Taxation	(7,352)	(5,050)	(23,446)	(18,815)
8 Net profit for the period	42,315	12,194	81,655	48,872
9 Other comprehensive income:-				
- Currency Translation differences arising from consolidation	20	62	20	87
- Gain on fair value changes on available for sale	5	7	5	7
10 Total comprehensive income	42,340	12,263	81,680	48,966
11 Net profit attributable to:				
Owners of the parent	41,155	11,191	77,607	44,098
Non controlling interest	1,160	1,003	4,048	4,774
Net profit for the period	42,315	12,194	81,655	48,872
12 Total comprehensive income attributable to:				
Owners of the parent	41,180	11,260	77,632	44,192
Non controlling interest	1,160	1,003	4,048	4,774
Total comprehensive income	42,340	12,263	81,680	48,966
13 Earnings per share based on 11 above after				
(i) Basic (See Note 1 below) (sen)	26.10	7.10	49.22	27.97
(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  31/12/2012 RM'000	restated AS AT PRECEDING FINANCIAL YEAR END  31/12/2011 RM'000
<b>1 Non Current Assets</b>		
Property, plant and equipment	38,310	50,527
Intangible assets	7,910	8,886
Available for sale financial assets	74	69
Deferred tax assets	4,689	4,275
	<u>50,983</u>	<u>63,757</u>
<b>2 Current Assets</b>		
Inventories	382,057	382,101
Trade and other receivables	796,138	681,563
Derivative financial instrument	0	0
Deposits, bank and cash balances	54,148	112,726
	<u>1,232,343</u>	<u>1,176,390</u>
<b>3 Total Assets</b>	<u><b>1,283,326</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	34	29
Foreign currency translation reserve	107	87
Retained earnings	113,433	46,862
Equity attributable to owners of parent	<u>295,746</u>	<u>229,150</u>
Non controlling interest	18,055	17,977
	<u><b>313,801</b></u>	<u><b>247,127</b></u>
<b>5 Current Liabilities</b>		
Trade and other payables	797,299	764,692
Derivative financial instrument	11	106
Borrowings	108,054	154,831
Taxation	6,654	4,282
	<u>912,018</u>	<u>923,911</u>
<b>6 Non Current Liabilities</b>		
Borrowings	44,635	56,955
Post employment benefit obligation	12,400	11,561
Long term liabilities	289	289
Deferred tax liabilities	183	304
	<u>57,507</u>	<u>69,109</u>
<b>7 Total Liabilities</b>	<u><b>969,525</b></u>	<u><b>993,020</b></u>
<b>8 Total Equity and Liabilities</b>	<u><b>1,283,326</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>1.8759</u>	<u>1.4535</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 31 DECEMBER 2012**

	Issued and fully paid ordinary shares of RM1 each		Attributable to owners of the parent				Non controlling interest	Total Equity	
	No of shares 000	Nominal value RM'000	Non-distributable			Accumulated profits 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 December 2012</u>									
At 1 January 2012	157,658	157,658	24,514	-	29	87	46,862	17,977	247,127
Total comprehensive income for the period	-	-	-	-	5	20	77,607	4,048	81,680
Dividends	-	-	-	-	-	-	(11,036)	(3,970)	(15,006)
At 31 December 2012	157,658	157,658	24,514	-	34	107	113,433	18,055	313,801
<u>QUARTER ENDED 31 December 2011</u>									
At 1 January 2011 Restatement	157,658	157,658	24,514	13,505	22	(27)	(10,763)	16,775	201,684
	-	-	-	(13,505)	-	27	20,622	-	7,144
At 1 January 2011, as restated	157,658	157,658	24,514	-	22	-	9,859	16,775	208,828
Total comprehensive income for the period	-	-	-	-	7	87	44,098	4,774	48,966
Dividends	-	-	-	-	-	-	(7,095)	(3,572)	(10,667)
At 31 December 2011	157,658	157,658	24,514	-	29	87	46,862	17,977	247,127

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 31 DECEMBER 2012

	Period ended 31/12/12 <u>RM'000</u>	AUDITED Period ended 31/12/11 <u>RM'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive income attributable to owners of the parent	77,632	44,192
Adjustments for non cash flows:		
Depreciation	9,023	9,175
Amortisation of trademark	976	976
Gain on derivatives	(95)	(956)
Gain on disposal of PPE	(21,776)	-
Interest income	(225)	(168)
Interest expenses	7,828	7,305
Tax expenses	23,446	18,815
Write back/(impairment) of trade receivables	723	(1,191)
Inventories written off	5,944	7,710
Allowance/(write back) for inventory obsolescence	58	(2,176)
Accruals for post-employment benefits obligations	2,024	2,029
Non-controlling interests	4,048	4,774
Other non cash items	(6)	607
Operating profit before changes in working capital	<u>109,600</u>	<u>91,092</u>
Changes in working capital:		
Inventories	(5,958)	(74,089)
Trade and other receivables	(115,479)	(90,253)
Trade and other payables and provisions	33,684	110,216
	<u>(87,753)</u>	<u>(54,126)</u>
Interest paid	(7,993)	(7,242)
Interest received	225	168
Tax paid	(21,429)	(13,478)
Other non operating expenses	(1,329)	(964)
<b>Net cashflow from operating activities</b>	<u><b>(8,679)</b></u>	<u><b>15,450</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(5,960)	(6,528)
Proceed from disposal of property, plant & equipment	30,164	403
<b>Net cashflow from investing activities</b>	<u><b>24,204</b></u>	<u><b>(6,125)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings	(59,097)	(18,874)
Dividend paid	(15,006)	(10,667)
<b>Net cashflow from financing activities</b>	<u><b>(74,103)</b></u>	<u><b>(29,541)</b></u>
<b>NET DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<u><b>(58,578)</b></u>	<u><b>(20,216)</b></u>
CASH AND CASH EQUIVALENTS B/F	112,726	132,942
<b>CASH AND CASH EQUIVALENTS C/F</b>	<u><b>54,148</b></u>	<u><b>112,726</b></u>
Note : Cash and cash equivalents comprise of :-		
Deposits, bank and cash balances	54,148	112,726
	<u>54,148</u>	<u>112,726</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**

	<b>Marketing &amp; Distribution Services</b>			<b>Logistics Services</b>		<b>Others</b>		<b>Consolidated</b>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>For the Period Ended 31 December 2012</b>									
<b>Revenue</b>									
Total revenue	2,068,640	2,619,462	57,422						4,745,524
<b>Results</b>									
Segment result	50,394	32,883	29,652						112,929
Finance cost									(7,828)
Profit from ordinary activities before tax									105,101
<b>At 31 December 2012</b>									
<b>Other Information</b>									
Segment assets	636,084	526,394	40,346						1,202,824
Unallocated assets									80,502
Total assets									1,283,326
Segment liabilities	(287,971)	(418,862)	(2,881)						(709,714)
Unallocated liabilities									(259,811)
Total liabilities									(969,525)
Capital expenditure	2,062	1,357	1,771						5,190
Depreciation	(3,552)	(1,313)	(4,158)						(9,023)

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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>			RM'000	<u>Logistics</u>		RM'000	RM'000	<u>Consolidated</u>
	<u>Services</u>	<u>Services</u>	<u>Others</u>		<u>Services</u>	<u>Others</u>			
<b>For the Period Ended 31 December 2011</b>									
<b>Revenue</b>									
Total revenue	1,900,283	2,309,290	51,176						4,260,749
<b>Results</b>									
Segment result	37,041	31,124	6,827						74,992
Finance cost									(7,305)
Profit from ordinary activities before tax									67,687
<b>At 31 December 2011</b>									
<b>Other Information</b>									
Segment assets	568,457	481,571	49,681						1,099,709
Unallocated assets									140,438
Total assets									1,240,147
Segment liabilities	(292,097)	(392,196)	(2,398)						(686,691)
Unallocated liabilities									(306,329)
Total liabilities									(993,020)
Capital expenditure	3,139	1,521	1,885						6,545
Depreciation	(3,923)	(1,099)	(4,153)						(9,175)

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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 31 December 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 ended 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 (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 31 December 2011 amounting to RM 248,000.

**(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 (31 December 2011: RM 27,000) were adjusted to retained earnings. Unrealised foreign exchange differences on translation of monetary items of RM72,000 as at 31 December 2011 have been reclassified from trade and other payables to foreign currency translation reserve.

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 31 December 2011

		Note 3a(i)	Note 3a(ii)	Note 3b	
	FRS as at 31 December 2011 RM'000	Property, plant and equipment RM'000	Deferred tax liability RM'000	Foreign currency translation reserve RM'000	MFRS as at 31 December 2011 RM'000
<b>Non Current Assets</b>					
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>
<b>Current Assets</b>					
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>
<b>Total Assets</b>	<b><u>1,240,147</u></b>				<b><u>1,240,147</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	29				29
Foreign currency translation reserve	(12)			99	87
Retained earnings	26,488	13,505	6,896	(27)	46,862
Equity attributable to owners of the parent	222,182				229,150
Non controlling interest	17,977				17,977
<b>Total Equity</b>	<b><u>240,159</u></b>				<b><u>247,127</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 31 December 2011 (continued)

		Note 3a(i)	Note 3a(ii)	Note 3b	
	FRS as at 31 December 2011 RM'000	Property, plant and equipment RM'000	Deferred tax liability RM'000	Foreign currency translation reserve RM'000	MFRS as at 31 December 2011 RM'000
<b>Current Liabilities</b>					
Trade and other payables	764,764			(72)	764,692
Derivative financial instrument	106				106
Borrowings	154,831				154,831
Taxation	4,282				4,282
	<u>923,983</u>				<u>923,916</u>
<b>Non Current Liabilities</b>					
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>
<b>Total Liabilities</b>	<u><b>999,988</b></u>				<u><b>993,020</b></u>
<b>Total Equity and Liabilities</b>	<u><b>1,240,147</b></u>				<u><b>1,240,147</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(ii) Current Quarter 3 months ended		Note 3a(ii) Cumulative Year to Date 12 months ended		
	FRS 31 December 2011 RM'000	Deferred tax liability RM'000	MFRS 31 December 2011 RM'000	FRS 31 December 2011 RM'000	MFRS 31 December 2011 RM'000
Revenue	1,042,787		1,042,787	4,260,749	4,260,749
Operating expenses	(1,024,920)		(1,024,920)	(4,192,312)	(4,192,312)
Other operating income	1,370		1,370	6,555	6,555
Profit from operations	19,237		19,237	74,992	74,992
Finance cost	(1,993)		(1,993)	(7,305)	(7,305)
Profit before taxation	17,244		17,244	67,687	67,687
Taxation	(4,988)	(62)	(5,050)	(18,567)	(18,815)
Net profit for the period	12,256		12,194	49,120	48,872
Other comprehensive income:-					
- Currency translation differences arising from consolidation	(10)	72	62	15	87
- Gain on fair value on available for sale	7		7	7	7
Total comprehensive income	12,253		12,263	49,142	48,966



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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) Current Quarter 3 months ended		Note 3a(ii) Cumulative Year to Date 12 months ended			
	FRS 31 December 2011 RM'000	Deferred tax liability RM'000	MFRS 31 December 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	11,253		11,191	44,346		44,098
Non controlling interest	1,003		1,003	4,774		4,774
<b>Net profit for the period</b>	<b>12,256</b>		<b>12,194</b>	<b>49,120</b>		<b>48,872</b>
Total comprehensive income attributable to:						
Owners of the parent	11,250		11,260	44,368		44,192
Non controlling interest	1,003		1,003	4,774		4,774
<b>Total comprehensive income</b>	<b>12,253</b>		<b>12,263</b>	<b>49,142</b>		<b>48,966</b>

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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 31 December 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 31 December 2012 and 31 December 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 12 months ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
Depreciation	2,182	2,255	9,023	9,175
Amortisation of trademark	244	244	976	976
(Gain) / loss on derivatives	(333)	448	(95)	(956)
Rental income	43	96	331	384
Impairment of assets	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(112)	(35)	(225)	(168)
Interest expenses	1,976	1,993	7,828	7,305
(Gain) / loss on disposal of quoted/unquoted investment	-	-	-	-
Gain on disposal of leasehold land and building	(21,063)	-	(21,063)	-
(Write back) / allowance for impairment of trade receivables	(808)	420	723	(1,191)
Inventories written off	2,027	2,201	5,944	7,710
Allowance / (write back) for inventory obsolescence	740	(1,451)	58	(2,176)

**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 December 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 31 December 2012 and 31 December 2011 as well as the balances with the related parties as at 31 December 2012 and 31 December 2011:

	Current	Preceding	Intercompany balances -	
	Financial	Financial	due from / (to)	
	Year	Year	31/12/2012	31/12/2011
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
<b>Sale of goods and services:</b>				
- related company (goods)	31,919	6,262	3,153	5,554
- related company (rental)	331	386	-	-
- related company (human resource charges)	571	361	30	73
	<u>32,821</u>	<u>7,009</u>	<u>3,183</u>	<u>5,627</u>
<b>Purchase of goods and services:</b>				
- related company (goods)	65,903	52,073	(5,083)	(5,921)
- related company (management fee)	2,936	3,799	(1,195)	(953)
- related company (information technology charges)	10,425	10,039	(88)	(633)
- other related party (rental)	12,572	12,572	-	-
<b>Others (interest):</b>				
- immediate holding company	130	-	-	-
- intermediate holding company	1,015	1,132	(57)	(92)
	<u>92,981</u>	<u>79,615</u>	<u>(6,276)</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 120 days. There were no overdue balances from related parties as at 31 December 2012.

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

There were no changes in contingent liabilities or contingent assets since the quarter ended 31 December 2012 and up to 27 February 2013.

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**17. Capital Commitments**

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

	RM'000
Contracted	904
Not contracted	5,510
	<hr/> 6,414
Analysed as follows:	
- Property, plant and equipment	<hr/> 6,414

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA  
MALAYSIA SECURITIES BERHAD – 4<sup>th</sup> QUARTER ENDED 31 DECEMBER 2012**

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

1. **Review of Performance**

The Group has closed the year strongly, supported by good sales in the fourth quarter. Revenues for the year increased 11.4% from RM 4.26 billion in 2011 to RM 4.75 billion for the year 2012. For the fourth quarter itself, sales increased by 15.9% from RM 1.04 billion in the fourth quarter of 2011 to RM 1.21 billion in the same quarter of 2012. As compared to the third quarter of 2012, revenues improved by 1.1%.

Once again, 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 11.2% to RM 4.66 billion compared to 2011. This is in line with expectations and sales growth.

Profit before tax increased 55.3% from RM 67.7 million in 2011 to RM 105.1 million for the full year 2012. Whilst good sales supported profit growth, the legal completion of the sale of the leasehold land, for which a sales and purchase agreement was signed in June 2012, resulted in a gain of RM 21.1 million and therefore further underlined the profit growth for the quarter under review. Without considering the sale of the leasehold land, profit before tax would have grown by 24.1% to RM 84.0 million for the full year 2012. With no tax due on the profit from the land sale, profit after tax improved by 67.1% to RM 81.7 million compared to the full year 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 9.6% to RM 512.3 million in the fourth quarter of 2012 compared to the fourth quarter of 2011, but declined marginally by 0.9% compared to the immediately preceding good third quarter of 2012, which was supported by the Hari Raya festive period. For the full year 2012, revenues grew by 8.9% to RM 2.1 billion. As in prior quarters, organic growth of existing clients was further supplemented by growth in new clients obtained over the last 18 months. 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.

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The operating result for this segment grew strongly by 36% to RM 50.4 million for the full year 2012 compared to the full year 2011.

**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.

The quarterly revenues for the segment increased by 21.2% to RM 678.1 million in the fourth quarter of 2012 compared to the fourth quarter of 2011, whilst revenues improved 1.9% compared to the immediately preceding third quarter of 2012. Compared to the full year 2011, revenues grew by 13.4% to RM 2.62 billion. This strong revenue growth was contributed primarily by organic revenue growth in the Healthcare business as well as good sales for the telephone card business. New clients under Healthcare 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.

Operating profit for this segment therefore improved by 5.7% to RM 32.9 million for the full year 2012.

**Others**

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

Supported by the year-end festive period, quarterly revenues for this segment improved by 16.5% to RM 18.7 million in the fourth quarter of 2012 compared to the fourth quarter of 2011. In comparison to the immediately preceding third quarter, which included the Hari Raya festive period, revenues grew further by 37.4% based on the year-end festive sales. Overall, this segment's revenues for the full year 2012 remain 12.2% ahead of the full year 2011, supported by growth in new outlets. As at year-end 2012, Famous Amos operated 80 retail stores nationwide.

On the basis of good revenue performance in Famous Amos, as well as the completed sale of the leasehold land, the segmental result increased by 334.3% for the full year 2012. Without the sale of the leasehold land, the segmental result would have improved by 25.8%.

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

The legal completion of the sale of the leasehold land in the fourth quarter 2012 contributed RM 21.1 million to profit before tax in the fourth quarter.

**3. Prospects**

The Group continues to maintain a 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 distribution territories for the telephone cards business are expected to remain unchanged and will continue to support revenue growth for the segment. In the Healthcare business much of the growth will come from existing clients, whilst business development will complement this growth.

Moreover, the preparations for the move of the Healthcare distribution center into a new state-of-the-art distribution center in Shah Alam in order to cater for projected future growth are ongoing. The move is expected to take place mid 2013. In line with the Group's strategy and a focus on being an asset-light business model, the facilities will 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 throughout 2013. 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 31 December 2012 RM'000	Quarter ended 31 December 2011 RM'000	Year to Date ended 31 December 2012 RM'000	Year to Date ended 31 December 2011 RM'000
Current year	7,242	4,527	23,981	16,325
Deferred tax	110	523	(535)	2,490
	<u>7,352</u>	<u>5,050</u>	<u>23,446</u>	<u>18,815</u>

**6. Status of Corporate Proposals Announced**

The corporate proposals announced on 20 June 2012 and 23 October 2012 respectively have been completed. There were no other corporate proposals announced during the quarter under review.

**7. Group Borrowings and Debt Securities**

	Quarter ended 31 December 2012 RM'000
<u>Short Term Borrowings</u>	
Unsecured and fully denominated in Ringgit Malaysia:	
- Bankers' acceptances	23,000
- Promissory notes	55,054
- Term loans	30,000
	<u>108,054</u>
<u>Long Term Borrowings</u>	
Unsecured and fully denominated in Ringgit Malaysia:	
- Fixed rate term loan	20,000
- Advances from holding companies	24,635
	<u>44,635</u>

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**8. Disclosure of Derivatives**

Type of derivatives	Contract / Notional Value 31/12/2012 RM'000	Fair Value 31/12/2012 RM'000
Foreign exchange contracts - less than 1 year	14,747	14,736
<b>Total</b>	<b>14,747</b>	<b>14,736</b>

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 31 December 2012 resulting in a unrealized derivative loss of RM 0.01 million. In total, an unrealised gain on forward contracts amounting to RM 0.1 million has been charged to the Statement of Comprehensive Income year-to-date, reversing the position as at 31 December 2011.

**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 27 February 2013.

**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.

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**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 41,155,000 and RM 77,607,000 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 31/12/2012 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	102,471	57,019
- Unrealised	16,604	16,888
	<hr/> 119,075	<hr/> 73,907
Less : consolidated adjustments	(5,642)	(27,045)
<b>Total group retained profits as per financial statements</b>	<hr/> <b>113,433</b>	<hr/> <b>46,862</b>