

DKSH HOLDINGS (MALAYSIA) BERHAD (231378-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended June 30, 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2012 RM'000	CURRENT YEAR TO DATE 30/06/2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2012 RM'000
1 Revenue	1,282,279	1,216,329	2,531,084	2,340,031
2 Operating expenses	(1,258,833)	(1,195,027)	(2,490,816)	(2,301,847)
3 Other operating income	3,321	2,269	5,596	3,807
4 Profit from operations	26,767	23,571	45,864	41,991
5 Finance cost	(1,017)	(1,966)	(2,483)	(3,925)
6 Profit before taxation	25,750	21,605	43,381	38,066
7 Taxation	(6,800)	(6,879)	(11,664)	(11,623)
8 Net profit for the period	18,950	14,726	31,717	26,443
9 Other comprehensive income:-				
- Currency translation differences arising from consolidation	-	-	(2)	(1)
- Fair value changes on available for sale financial assets	(7)	-	(34)	-
10 Total comprehensive income	18,943	14,726	31,681	26,442
11 Net profit attributable to:				
Owners of the parent	17,835	13,682	29,540	24,637
Non controlling interest	1,115	1,044	2,177	1,806
Net profit for the period	18,950	14,726	31,717	26,443
12 Total comprehensive income attributable to:				
Owners of the parent	17,828	13,682	29,504	24,636
Non controlling interest	1,115	1,044	2,177	1,806
Total comprehensive income	18,943	14,726	31,681	26,442
13 Earnings per share based on 11 above after				
(i) Basic (See Note 1 below) (sen)	11.31	8.68	18.74	15.63
(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 Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended December 31, 2012 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30/06/2013 RM'000	AS AT PRECEDING FINANCIAL YEAR END AUDITED 31/12/2012 RM'000
1 Non Current Assets		
Property, plant and equipment	40,549	38,310
Intangible assets	7,422	7,910
Available for sale financial assets	-	74
Deferred tax assets	5,047	4,689
	<u>53,018</u>	<u>50,983</u>
2 Current Assets		
Inventories	385,690	382,057
Trade and other receivables	898,405	796,281
Derivative financial instrument	592	-
Deposits, bank and cash balances	48,180	54,148
	<u>1,332,867</u>	<u>1,232,486</u>
3 Total Assets	<u>1,385,885</u>	<u>1,283,469</u>
4 Equity		
Ordinary share capital	157,658	157,658
Share premium	24,514	24,514
Available for sale reserve	-	34
Foreign currency translation reserve	40	42
Retained earnings	119,971	108,562
Equity attributable to owners of parent	<u>302,183</u>	<u>290,810</u>
Non controlling interest	16,263	18,055
	<u>318,446</u>	<u>308,865</u>
5 Current Liabilities		
Trade and other payables	956,743	797,442
Derivative financial instrument	-	11
Borrowings	39,288	108,054
Taxation	9,968	6,654
	<u>1,005,999</u>	<u>912,161</u>
6 Non Current Liabilities		
Borrowings	42,975	44,635
Post employment benefit obligation	13,081	12,400
Long term liabilities	289	289
Deferred tax liabilities	5,095	5,119
	<u>61,440</u>	<u>62,443</u>
7 Total Liabilities	<u>1,067,439</u>	<u>974,604</u>
8 Total Equity and Liabilities	<u>1,385,885</u>	<u>1,283,469</u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>1.9167</u>	<u>1.8446</u>

The unaudited Condensed Consolidated Statement of Finance Position should be read in conjunction with the audited annual financial statements for the year ended December 31, 2012 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED JUNE 30, 2013

	Issued and fully paid ordinary shares of RM1.00 each		Attributable to owners of the parent				Non-controlling interest	Total Equity	
	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			Accumulated profits RM'000
<u>QUARTER ENDED June 30, 2013</u>									
At January 1, 2013	157,658	157,658	24,514	-	34	42	108,562	18,055	308,865
Total comprehensive income for the period	-	-	-	-	(34)	(2)	29,540	2,177	31,681
Dividends	-	-	-	-	-	-	(18,131)	(3,969)	(22,100)
At June 30, 2013	157,658	157,658	24,514	-	-	40	119,971	16,263	318,446
<u>QUARTER ENDED June 30, 2012</u>									
At January 1, 2012	157,658	157,658	24,514	-	29	15	46,862	17,977	247,055
Total comprehensive income for the period	-	-	-	-	-	(1)	24,637	1,806	26,442
Dividends	-	-	-	-	-	-	(11,036)	(3,970)	(15,006)
At June 30, 2012	157,658	157,658	24,514	-	29	14	60,463	15,813	258,491

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited annual financial statements for the year ended December 31, 2012 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2013**

	Period ended 30/06/13 RM'000	Period ended 30/06/12 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income attributable to owners of the parent	29,504	24,636
Adjustments for non cash flows:		
Depreciation	3,744	4,492
Amortization of trademark	488	488
Gain on derivatives	(603)	(244)
Gain on disposal of PPE	(315)	-
Interest income	(211)	(83)
Interest expenses	2,483	3,925
Tax expenses	11,664	11,623
Impairment/(write back) of trade receivables	1,105	(510)
Inventories written off	1,669	2,925
Allowance for inventory obsolescence	(352)	(726)
Accruals for post-employment benefits obligations	970	1,152
Non-controlling interests	2,177	1,806
Other non cash items	(16)	23
Operating profit before changes in working capital	<u>52,307</u>	<u>49,507</u>
Changes in working capital:		
Inventories	(4,950)	(3,816)
Trade and other receivables	(103,231)	(162,042)
Trade and other payables and provisions	141,285	63,419
	<u>33,104</u>	<u>(102,439)</u>
Interest paid	(2,511)	(3,931)
Interest received	211	83
Tax paid	(8,731)	(8,505)
Other non operating expenses	(289)	(277)
Net cashflow from operating activities	<u>74,091</u>	<u>(65,562)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(5,664)	(2,607)
Net cashflow from investing activities	<u>(5,664)</u>	<u>(2,607)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans	(70,426)	(1,408)
Dividend paid	(3,969)	(3,970)
Net cashflow from financing activities	<u>(74,395)</u>	<u>(5,378)</u>
NET DECREASE IN CASH & CASH EQUIVALENTS	<u>(5,968)</u>	<u>(73,547)</u>
CASH AND CASH EQUIVALENTS B/F	54,148	112,726
CASH AND CASH EQUIVALENTS C/F	<u><u>48,180</u></u>	<u><u>39,179</u></u>
Note : Cash and cash equivalents comprise of :-		
Deposits, bank and cash balances	48,180	39,179
	<u><u>48,180</u></u>	<u><u>39,179</u></u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended December 31,2012 and the accompanying explanatory notes attached to the interim financial statements.

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The figures have not been audited and are to be read in conjunction with the 2012 annual report.

SEGMENTAL INFORMATION

	<u>Marketing & Distribution Services</u>		<u>Logistics Services</u>		<u>Others</u>		<u>Consolidated</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the Period Ended June 30, 2013								
Revenue								
Total revenue	1,120,790	1,381,281	29,013	2,531,084				
Results								
Segment result	26,919	15,789	3,156	45,864				
Finance cost				(2,483)				
Profit from ordinary activities before tax				43,381				
As at June 30, 2013								
Other Information								
Segment assets	718,757	554,591	39,689	1,313,037				
Unallocated assets				72,848				
Total assets				1,385,885				
Segment liabilities	(376,528)	(462,036)	(1,807)	(840,371)				
Unallocated liabilities				(227,068)				
Total liabilities				(1,067,439)				
Capital expenditure	1,565	2,775	1,679	6,019				
Depreciation	(1,326)	(694)	(1,724)	(3,744)				

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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 & 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
For the Period Ended June 30, 2012								
Revenue								
Total revenue	1,039,284	1,275,630	25,117	2,340,031				
Results								
Segment result	23,200	15,878	2,913	41,991				
Finance cost				(3,925)				
Profit from ordinary activities before tax				38,066				
As at June 30, 2012								
Other Information								
Segment assets	712,623	502,027	48,999	1,263,649				
Unallocated assets				64,714				
Total assets				1,328,363				
Segment liabilities	(324,905)	(420,047)	(2,112)	(747,064)				
Unallocated liabilities				(322,808)				
Total liabilities				(1,069,872)				
Capital expenditure	835	882	904	2,621				
Depreciation	(1,736)	(636)	(2,120)	(4,492)				

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(I) Compliance with MFRS 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. Accounting Policies and Basis of Preparation

The unaudited condensed consolidated interim financial statements for the period ended June 30, 2013 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. The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2012.

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements of the Group for the year ended December 31, 2012. The new, revised and amended MFRS and IC Interpretations, which are effective for the financial periods beginning on or after January 1, 2013 are not anticipated to result in any material impact to the financial results of the Group.

3. Disclosure of Audit Report Qualification and Status of Matters Raised

The auditors' report on the financial statements of the Group for the year ended December 31, 2012 was not qualified.

4. 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.

5. 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.

6. Material Changes in Estimates

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

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7. Changes in Debt and Equity Securities

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

8. Dividend Paid

A final single-tier dividend of 9 sen per share amounting to RM 14,189,227 and a special single tier dividend of 2.5 sen per share amounting to RM 3,941,452 on 157,658,076 ordinary shares, for the financial year ended December 31, 2012, were paid on August 22, 2013.

9. Segment Information

The Group's segmental information for the financial quarters ended June 30, 2013 and June 30, 2012 is presented separately in this interim financial report.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Profit before Tax

The following items are included in profit before tax:

	Current quarter 6 months ended		Cumulative Year to Date 6 months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	RM'000	RM'000	RM'000	RM'000
Depreciation	1,848	2,290	3,744	4,492
Amortization of trademark	244	244	488	488
Gain on derivatives	(710)	(50)	(603)	(244)
Rental income	40	96	73	192
Impairment of assets	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(94)	(53)	(211)	(83)
Interest expenses	1,017	1,966	2,483	3,925
(Gain)/loss on disposal of quoted/unquoted investment	-	-	-	-
Gain on disposal of property, plant and equipment	(159)	-	(315)	-
Allowance/(write back) for impairment of trade receivables	669	(803)	1,105	(510)
Inventories written off	657	1,244	1,669	2,925
Allowance for inventory obsolescence	(343)	(839)	(352)	(726)

11. 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.

12. Material Events subsequent to the end of the 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 June 30, 2013.

13. Changes in the Composition of the Group

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
14. Related Party Disclosures

The following table provides information on significant transactions which have been entered into with related parties during the six-month period ended June 30, 2013 and June 30, 2012 as well as the balances with the related parties as at June 30, 2013 and June 30, 2012:

	Current Financial Year June 30, 2013 RM'000	Preceding Financial Year June 30, 2012 RM'000	Intercompany balances - due from / (to)	
			June 30, 2013 RM'000	June 30, 2012 RM'000
Sale of goods and services:				
- related company (goods)	805	22,821	247	3,245
- related company (rental)	73	192	-	-
- related company (human resource and information technology charges)	256	280	17	133
	<u>1,134</u>	<u>23,293</u>	<u>264</u>	<u>3,378</u>
Purchase of goods and services:				
- related company (goods)	28,344	29,836	(8,030)	(6,957)
- related company (management fee)	2,025	926	(1,030)	(57)
- related company (information technology charges)	5,849	5,528	(348)	(100)
- other related party (rental)	5,438	6,445	-	-
Others (interest):				
- immediate holding company	184	-	(31)	-
- intermediate holding company	255	542	(43)	(91)
	<u>42,095</u>	<u>19,268</u>	<u>(9,482)</u>	<u>(6,760)</u>

The amounts receivable or payable between related parties are unsecured, non-interest bearing and carry credit terms between 30 to 120 days. Of the RM 264,000 due from related parties RM 22,000 was overdue by more than 90 days but has been settled subsequently.

15. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the quarter ended June 30, 2013 and up to August 23, 2013.

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16. Capital Commitments

Authorized capital commitments not provided for in this interim financial report as at June 30, 2013 are as follows:

	RM'000
Contracted	3,973
Not contracted	2,073
	<hr/> 6,046
Analyzed as follows:	
- Property, plant and equipment	<hr/> 6,046

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA
MALAYSIA SECURITIES BERHAD – 2nd QUARTER ENDED JUNE 30, 2013**

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

1. Review of Performance

The Group's performance in the second quarter has continued on a positive note extending on the good first quarter. For the first six months of 2013, net sales grew by 8.2% from RM 2.34 billion to RM 2.53 billion. Compared to the very strong second quarter of 2012, net sales grew by 5.4% from RM 1.22 billion to RM 1.28 billion in the same quarter of 2013 whilst net sales grew by 2.7% compared to the immediately preceding good first quarter of 2013.

All three reported segments contributed to the positive sales growth, whilst organic business growth of existing clients provided the key driver. Furthermore, new clients signed up over the last year both in the Consumer Goods as well as in the Healthcare business have additionally supported the growth.

Profit before tax increased by 14.0% from RM 38.1 million for the first six months of 2012 to RM 43.4 million for the same six months of 2013 based on the good sales performance, additional other operating income from the Group's value added services, as well as lower financing costs. Furthermore, with a lower effective tax rate, which is based on lower non-tax deductible expenses, profit after tax increased by 19.9% from RM 26.4 million to RM 31.7 million in the first six months of 2013.

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 net sales grew by 7.8% from RM 1,039.3 million for the first six months in 2012 to RM 1,120.8 million for the same period of 2013. Compared to the strong second quarter of 2012, net sales advanced by 7.1% from RM 524.6 million to RM 561.8 million in the same quarter of 2013, whilst net sales grew by 0.5% compared to the immediately preceding very strong first quarter of 2013. The main driver for the sales growth was once again the organic growth of existing clients, supplemented by new clients. The successful business development is expected to continue and further assist in sales growth.

Based on good sales, the operating result for this segment grew by 16.0% from RM 23.2 million in the first six months of 2012 to RM 26.9 million in the same period of 2013.

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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.

Net sales for this segment increased by 8.3% from RM 1,275.6 million for the first six months of 2012 to RM 1,381.3 million for the same period of 2013. The second quarter net sales advanced by 4% compared to same quarter of 2012 from RM 679.1 million to RM 706.6 million, whilst net sales grew by 4.7% compared to the immediately preceding first quarter of 2013. The telephone card business once again showed the strongest sales growth in this segment, supported by additional territories, which had been assigned to the Group in early 2012.

Various investments in the Healthcare business, both in advertising and promotion expenses and in the hiring of key positions, have led to a temporary yet marginal reduction in profits for this segment of 0.6% from RM 15.9 million to RM 15.8 million for the first six months of 2013. This temporary picture is however expected to reverse in the second half of 2013.

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.

Net sales for this segment increased by 15.5% from RM 25.1 million for the first half of 2012 to RM 29.0 million for the first half of 2013. Compared to the second quarter of 2012, net sales improved 10.5% from RM 12.6 million to RM 13.9 million in the same quarter of 2013, whilst sales declined by 7.4% compared to the strong first quarter of 2013, which was positively supported by the Chinese New Year festive period. During the quarter under review, Famous Amos has also continued the expansion in its retail footprint by opening its first café concept.

With the good sales performance, operating results advanced by 8.3% from RM 2.9 million for the first six months of 2012 to RM 3.2 million for the first six months of 2013.

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

The strong operating results of the Marketing and Distribution segment, as well as reduced financing costs, supported a good growth in profit before tax for the second quarter of 2013.

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3. Prospects

In line with previous comments, 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.

It is expected that all three reported segments will continue on a path of sustainable and profitable growth. With this in mind, the Group has been focusing on the necessary supply chain, talent and office infrastructure to enable a continuation of this growth.

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.

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.

4. Variance of Actual Profit from Forecast Profit

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

5. Taxation

	Quarter ended June 30, 2013 RM'000	Quarter ended June 30, 2012 RM'000	Year to Date ended June 30, 2013 RM'000	Year to Date ended June 30, 2012 RM'000
Current year	6,636	6,305	12,047	11,433
Deferred tax	164	574	(383)	190
	<u>6,800</u>	<u>6,879</u>	<u>11,664</u>	<u>11,623</u>

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6. Status of Corporate Proposals Announced

The Group announced on May 31, 2013, that DKSH Central Services Malaysia Sdn Bhd (“DCS”), a wholly-owned subsidiary of the Company, had entered into a Sale and Purchase Agreement (“SPA”) with Sun-PJDC Sdn Bhd (“Purchaser”) to dispose of a piece of leasehold land measuring approximately 258,746 sq. ft. held under Pajakan Negeri 3696, Lot 52 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor (“Land”) together with the office and industrial buildings and warehouse erected thereon (“Buildings”) (the Land and the Buildings shall collectively be referred to as the “Property”) to the Purchaser (“Proposed Disposal”) for a total cash consideration of RM 124.2 million (“Consideration”).

The deposit of RM 12.42 million equivalent to 10% of the Consideration had been received and accounted for as a payable in books of DCS as at May 31, 2013. DCS has been granted 3 months from the date of the SPA to obtain the necessary approvals. Upon the receipt of the necessary approvals, the Purchaser will then have 2 months to complete the Proposed Disposal. To date there has been no indication if an extension is required.

Upon completion, the Purchaser will grant to DCS a tenancy in respect of the Property for an initial period of 18 months commencing from the completion date with an option to renew the tenancy for 3 consecutive periods of 2 months each after the expiry of the initial period aforesaid.

The gain on the Proposed Disposal will be accounted for in the books of the Company upon completion of the SPA.

The shareholders of the Company had at an Extraordinary General Meeting held on August 20, 2013 approved the Proposed Disposal. The Proposed Disposal is expected to be completed by the fourth quarter of 2013.

There were no other corporate proposals announced but not completed as at August 23, 2013.

7. Group Borrowings and Debt Securities

	Quarter ended June 30, 2013 RM'000
<u>Short Term Borrowings</u>	
Unsecured and fully denominated in Ringgit Malaysia:	
- Bankers' acceptances	8,001
- Promissory notes	1,287
- Term loans	30,000
	39,288
 <u>Long Term Borrowings</u>	
Unsecured and fully denominated in Ringgit Malaysia:	
- Fixed rate term loan	20,000
- Advances from holding companies	22,975
	42,975

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8. Disclosure of Derivatives

Type of derivatives	Contract / Notional Value 30/06/2013 RM'000	Fair Value 30/06/2013 RM'000
Foreign exchange contracts - less than 1 year	22,142	22,734
Total	22,142	22,734

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 June 30, 2013 resulting in a unrealized derivative gain of RM 0.6 million. In total, an unrealised gain on forward contracts amounting to RM 0.6 million has been charged to the Statement of Comprehensive Income year-to-date.

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 August 23, 2013.

10. Dividend Proposed or Declared

A final single-tier dividend of 9 sen per share amounting to RM 14,189,227 and a special single tier dividend of 2.5 sen per share amounting to RM 3,941,452 on 157,658,076 ordinary shares, for the financial year ended December 31, 2012, were declared during the quarter under review and paid on August 22, 2013 to every member of the Company whose entitlement to dividends was determined on the basis of the Record of Depositors as at July 23, 2013. In comparison, the dividend paid for the financial year ended December 31, 2011 was a final single-tier dividend of 7 sen per ordinary share of RM1 each paid on August 17, 2012.

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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 17,835,000 and RM 29,540,000 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 June 30, 2013 RM'000	As at the end of preceding Financial Year December 31, 2012 RM'000
Total retained profits of DKSH Holdings (Malaysia) Berhad and its subsidiaries:		
- Realised	115,319	106,679
- Unrealised	13,437	12,461
	<hr/> 128,756	<hr/> 119,140
Less : consolidated adjustments	(8,785)	(10,578)
Total group retained profits as per financial statements	<hr/> 119,971	<hr/> 108,562